Core Monitoring Guide

April 2005

Core Monitoring Guide

April 2005

United States Department of Labor
Employment and Training Administration

CORE MONITORING GUIDE
PREFACE

The development of the Core Monitoring Guide is an important part of the Employment and Training Administration's (ETA's) overall strategy to improve grant administration, specifically on-site monitoring of grantees. Improving grant administration is a crucial element of the Department of Labor's and ETA's management improvement plans supporting the President's Management Agenda. ETA's successful achievement of its Mission, Vision and Guiding Principles is premised on the delivery of high-quality, outcome-focused job seeker and business services through effective financial agreements with the state and local workforce system organizations.

ETA has articulated a clear vision of the workforce development system that is demand-driven and fully integrated, and links employers to job seekers in order to promote the success of American workers and businesses. This Core Monitoring Guide ensures that our oversight and monitoring practices reinforce these principles while ensuring program outcomes are achieved and a high level of integrity is maintained.

This guide provides a consistent framework and starting point for all on-site grant monitoring responsibilities by ETA. ETA has been moving forward in a coordinated effort to improve the consistency of oversight while relying on and providing opportunities for Federal Project Officers (FPOs) to bring their professional judgments and experience to the process. This effort began with the issuance of Employment and Training Order 01-03 in April 2003, and continued with the development of the Grants E-Management System, increased commitment to FPO training, and, now, this Core Monitoring Guide.

The Core Monitoring Guide has been developed based on the premise that there are essential core functions that must be in place in order for any grantee to operate an ETA grant within the boundaries of acceptable practices that are established primarily by law, regulation, and/or government-wide rule. In addition, ETA plans to develop program-specific guides which will complement the Core Monitoring Guide and add program specific review objectives and indicators. Combined, these guides will become an integral part of an FPO "tool kit." However, for those ETA grants (e.g., earmarks, pilots and demos, etc.) where there may be no program specific guide, the Core Monitoring Guide would remain the primary tool for review.

Since this guide is *generic,* it is limited to an examination of basic core activities that are found in all ETA grants and is intended to provide an examination of the readiness and capacity of the grantee to operate the grant. The generic quality of the guide also means that the legislative authority for compliance requirements is limited to those requirements that apply to all ETA grants. These are typically found in Office of Management and Budget circulars and the terms and conditions specific to each grant, but the guide also includes expectations for services or operations that are generally accepted practice across ETA.

This guide is the outcome of many different individuals and offices within ETA working together to produce the best possible product to meet a diverse set of needs. The guide is intended to be continually reviewed and updated based on experience, practice, and changing requirements.

TABLE OF CONTENTS

Appendices

General Instructions

INTRODUCTION

This guide should be used as a component of an overall grant management strategy or work plan developed by each regional or national office responsible for grant oversight. This work plan should incorporate the ETA Grants E-Management System (GEMS) "risk assessment" process, Core Monitoring Guide, and program-specific monitoring tools to efficiently address oversight priorities. The assigned risk category, as specified in GEMS, alerts ETA of possible problems that jeopardize grant integrity and performance. The use of the Core Monitoring Guide can confirm the extent of the risk and the core functions that are affected. The Core Monitoring Guide will be the basis of monitoring activities for all ETA programs. The guide has been developed to provide Federal staff with a tool that may be used to review any ETA funded grant activity. Program-specific monitoring tools will be developed to supplement the Core Monitoring Guide and will be used to determine compliance with specific program requirements and identify promising practices and exemplary program models. The Core Monitoring Guide is anticipated to be available to the Federal Project Officers (FPOs) in an electronic format so that it may be customized as needed by the FPO to more effectively monitor different types of grantees.

HOW THE GUIDE IS ORGANIZED

This guide is organized around five generic core activities: design and governance; program and grant management systems; financial management systems; service delivery; and performance accountability. Each core activity is, in turn, organized around generic requirements that were derived from legislation, regulations, or promising practices that relate to that core activity. These requirements or expectations are called *objectives*. Each objective is followed by *indicators*. Indicators are those attributes or criteria that attest that the objective or requirement is being met. The indicators are marked with a (C) for compliance indicators that must be met or an (E) for effectiveness indicators. Each indicator comes with FPO guidance on how to assess the indicator and a space to add notes or indicate the sources of information used in your assessment.

Each section begins with general instructions relevant to the core activity. The first page of each section also contains space for summarizing the monitoring results. Each objective for the core activity, including the citations for the authoritative source of core requirements, follows with its associated indicators and FPO guidance.

The appendices contain resource materials that are referenced in the guide. The reference materials include a list of definitions for terms found in the guide or requirement, a cross reference of administrative requirements and a chart detailing allowable cost standards.

PREPARING FOR AN ON-SITE VISIT

Gather background materials. The guide is designed to be used in the field. To prepare for the site visit, review the guide and identify documents called for as reference documents for the grantee

organization. In addition, familiarity with the operations of the grantee can make the on-site visit and monitoring process more efficient. This may be accomplished by reviewing the grants, financial and programmatic reports, past monitoring reports, and audit summaries. Parts of the guide, such as the calculation of actual performance, can be completed prior to the on-site visit using data contained in the reports and grant documents. List questions that may arise as to how the grantee is organized, relationships with subrecipients, and the location of documents and staff who will be sources of information for the monitoring visits.

Coordinate guide with data sources. The guide is organized around key topics called core activities, not around sources of information. As stated above, each core activity is organized around objectives that must be met by the grantee organization and indicators used to assess the grantee's accomplishment of the objective. The reviewer must plan how interviews will be organized to maximize grantee staff availability and avoid going back and forth between agencies, departments, or personnel. This might be done by marking the guide so that questions for a particular set of respondents are easily located. You may also rely upon the FPO guidance portions of each indicator that identify sources of information to develop a listing of source documents you wish the grantee to have available for your review. This list can be sent to the grantee so that arrangements can be made to have staff and documents ready for your visit.

USE OF THE GUIDE ON-SITE

FPO Guidance. Each indicator comes with guidance for determining if the indicator is present and will often contain sources of information you may wish to review. This guidance can be supplemented with other methods for documenting the existence of an indicator. There are questions listed below the guidance that you might use to begin your assessment of whether the indicator is present. These questions are provided as a means to begin your research. You may use these questions, expand upon their use or employ other means of assessing the grantee's performance. Check the box provided in the summary of indicators to show that the indicator is present. Use the space provided in each separate indicator to record the information or information source that was used to make your determination. The boxes for each indicator are expandable in the electronic version. Record your notes and specific findings at the indicator level, so that if questions arise later you have a means for recreating the basis for your determination.

Objective Conclusions. Based upon your review of the indicator(s), you will need to determine if the objective has been met. If there are multiple indicators for an objective, you will need to base your decision as to whether the objective has been met on the relative importance of the indicators and if there is a compliance factor involved.

Summary of Findings for Core Activity. On the first page of each section is space for summarizing the findings for the core activity. Specifically, the summary is organized around:

- Promising Practices

- Findings or High-Risk Factors

- Other Observations

This summary section is designed to assist you with the development of your written report. Each section is designed to provide for a short sentence or description of grantee processes or program design elements

that would be addressed in your written report. Promising Practices are those processes that you believe, based on your review, to be effective in operation and that you would recommend to another grantee. You would summarize or list the compliance findings under Findings or High-Risk Factors. The Other Observations section may be used to document additional information about the grantee organization or operation you wish to include in your written report, including a discussion of effectiveness objectives and/or indicators that have not been met. There should be links between this summary and notes and conclusions recorded for objectives and indicators.

USE OF THE RESULTS IN THE REPORT

Once the on-site review has been completed, the guide is to be used to develop the report to the grantee. The report must address all compliance findings. While there is no prescribed format for the report, each report should include the following, at a minimum:

Background—this section would cover the details of the review, when it was conducted, staff interviewed, etc.

Results of the review—this section would address each issue listed in the summary tables at the beginning of each core activity and be organized to provide the grantee with appropriate detail related to Promising Practices, Findings or High-Risk Factors, and Other Observations. All violations of compliance requirements would be considered as Findings or High-Risk Factors. Each finding should contain a description of the compliance violation, the cause of the violation if known, the citation supporting the finding as a compliance issue, and the requirement for appropriate corrective action by the grantee, including time frames for completion. Promising Practices would detail those practices or processes that are particularly effective or efficient and/or may be replicated. Other Observations would detail those grantee activities related to effectiveness objectives or indicators that have not been met. The report is to be structured around the objectives of each core activity and any findings or other information must be related to a specific objective number.

Summary—this section of the report would summarize for the grantee the promising processes or practices that have been identified during the review, findings of non-compliance with required corrective action, and any other observations about the grantee operations related to a specific objective. This summary would be based on the list or description of issues that were itemized in the summary section for each core activity. Anticipated follow up for any issues identified in the review should also be addressed.

Subsequent to the review, the results of using the guide in conducting the review are to be entered into GEMS at the objective level for each core activity.

CONCLUSION

The Core Monitoring Guide is intended to be used to review the fundamental processes and procedures generally applicable to all ETA-funded grant activity. There will be instances, however, where the objectives or indicators do not apply to the specific grant or grants that you are reviewing. The guide may be customized to best fit your needs as the FPO in conducting the review and those objectives or indicators that are not reviewed may be marked as non-applicable. The guide will also be available electronically, and you may excerpt for your on-site use those objectives and/or indicators that apply specifically to the type of grant(s) you are reviewing. The guide may also be supplemented with documentation, applicable notes, or a more lengthy discussion of findings. Any additional materials obtained during the review or additional pages of discussion need to be maintained with the review guide. The completed guide becomes part of the documentation for the monitoring report that should provide the reader with a clear understanding of the reviewer's reasoning for conclusions drawn. The guide also provides the detail that may be needed to articulate specific corrective actions.

CORE ACTIVITY 1
DESIGN AND GOVERNANCE

Core Activity 1 addresses design and governance principles that can guide and support the grantee's strategy for developing a demand-driven workforce system. A demand-driven system is one which meets the needs of employers by developing a qualified and competitive workforce while preparing job seekers for the jobs and careers of the future.

CORE ACTIVITY 1 GENERAL INSTRUCTIONS

The purpose of Core Activity 1 is to evaluate the grantee's program design and governance in the context of a demand-driven system. The reviewer looks at how the grantee designs its programs to provide the tools and products that support business growth and economic development, to provide services that prepare workers to take advantage of job opportunities in high-growth and high-demand occupations, and to provide services to the employer and job seeker within an integrated service delivery system. The reviewer looks at governance in the context of how leadership is identifying the workforce needs in high-growth and economically-critical industries and the preparation required of workers to succeed in those occupations, as well as understanding the workforce challenges that must be addressed to ensure a prepared and competitive workforce.

Summary of Findings for Core Activity 1	
Promising Practices	
Findings or High-Risk Factors	
Other Observations	

OBJECTIVE 1.1 Strategic Planning: Grantee organization has developed a strategic approach to meeting business and industry's need for a prepared and competitive workforce and becoming a demand-driven organization.

Summary of Indicators

1.11 The grantee has consulted with business leadership from the state and local area in forming its strategy for creating a demand-driven workforce system. **E**

1.12 The grantee has developed a vision and strategy to become a demand-driven organization. **E**

1.13 The grantee functions as a partner with the public workforce system, business and industry, economic development agencies, and education and training providers. **E**

1.14 The grantee has identified for its area the high-growth businesses and industries, their workforce needs, and the skills and competencies needed to perform jobs in these key business areas. **E**

Indicator 1.11 (E)
The grantee has consulted with business leadership from the state and local area in forming its strategy for creating a demand-driven workforce system.
FPO Guidance: *Interview grantee leadership, and ask the following questions as they apply to the grant you are reviewing.*

- Is the grantee aware of the State Workforce Board's policy direction for creating a demand-driven system? Has it patterned its own policy after the State Board's?

- Has the grantee consulted with the local workforce investment board (LWIB) in developing a coordinated approach for meeting business and industry's need for a qualified and competitive workforce?

- Is the grantee's strategy consistent with the LWIB's regional strategy for creating a demand-driven workforce system?

- Does the grantee organization have significant business representation on its own board to advise it on how best to serve business needs and interests?

Sources and Notes:

Indicator 1.12 (E)
The grantee has developed a vision and strategy to become a demand-driven organization.
FPO Guidance: *Review the grantee organization's vision, mission, strategy, and action planning documents; compare these with the vision described by ETA; interview the leadership of the grantee.*
▪ Does the grantee have a written vision statement? Does it have a written strategy for achieving its vision? ▪ Are all grantee staff knowledgeable about the grantee organization's demand-driven vision and strategy? What training has been provided to staff regarding the "demand-driven" approach? ▪ What objectives and goals has the grantee organization established to help it assess progress toward fulfillment of its strategic vision? ▪ How are the goals and objectives expressed in the grant compatible with the grantee's strategic vision? **Sources and Notes:**

Indicator 1.13 (E)
The grantee functions as a partner with the public workforce system, business and industry, economic development agencies, and education and training providers.
FPO Guidance: *Interview grantee management.*
▪ What role does each organization and institution play with respect to industry and business? ▪ What knowledge, resource, and skills does each organization bring to the network? ▪ How does the grantee organization serve as a partner within the network? ▪ What organizations and institutions comprise the grantee organization's network? **Sources and Notes:**

Indicator 1.14 (E)
The grantee has identified for its area the high-growth businesses and industries, their workforce needs, and the skills and competencies needed to perform jobs in these key business areas.
FPO Guidance: *Interview the leadership of the grantee or primary staff responsible for the analysis; examine the sources of Labor Market Information (LMI) used by the grantee organization.*

- Has the grantee organization determined which industries/sectors/clusters/segments and businesses are high-growth businesses that are key to the economic well being of its area? What factors did it consider and what information sources did it use to make this determination (e.g., LMI from the state, economic development agencies, chambers of commerce, business groups, trade associations, and community audits)?

- What are the market opportunities and workforce needs of the key industries/sectors/clusters/segments and key businesses in the grantee's area?

- Has the grantee identified the skills and competencies needed to successfully perform the current and future jobs available in its key industries and businesses?

- How did the grantee involve the business community in making these determinations and validating these conclusions?

- Has the grantee used this information to market its services to the job seeker and employer community?

- Does the grantee have a process for staying current with trends affecting major industry and business customers?

Sources and Notes:

OBJECTIVE 1.2 Service Design: The grantee organization has designed a service delivery system to accomplish its strategic objectives for becoming demand-driven.

Summary of Indicators

1.21 The grantee has identified the resources available to it and the products and services it can offer to the business customer. **E**

1.22 The grantee has a policy and practice of having its business services staff interact and coordinate with the job seeker services staff to provide human resource solutions. **E**

1.23 The grantee determines the value and effectiveness of its services to business and industry. **E**

1.24 The grantee leverages the system's resources to broaden their impact. **E**

Indicator 1.21 (E)
The grantee has identified the resources available to it and the products and services it can offer to the business customer.
FPO Guidance: *Interview grantee management.*
- What are the resources available to the grantee organization within its own organization? What resources does the grantee organization have (e.g., dollars, services, skills, and expertise)?   - What services does the grantee have the potential to offer?   - What resources does the grantee organization have access to (through partners, contributors, or vendors)?   - What are the products and services the grantee organization intends to deliver to its targeted industries/sectors/segments/clusters?   **Sources and Notes:**

Indicator 1.22 (E)
The grantee has a policy and practice of having business services staff interact and coordinate with job seeker services staff to provide human resource solutions.
FPO Guidance: *Interview staff responsible for providing business and job seeker services.*

- How do the grantee's business services staff and job seeker services staff coordinate to assure business customers receive the services designed to meet their needs and solve their problems?

- How are job seeker services and job seeker service providers made aware of specific business needs/ requirement/opportunities?

Sources and Notes:

Indicator 1.23 (E)
The grantee determines the value and effectiveness of its services to business and industry.
FPO Guidance: *Interview grantee staff who obtain direct feedback from employers. Review survey responses or other information the grantee has received from employers which assess the value of services received.*

- How does the grantee assess the value and effectiveness of its service to business and industry?

- What solutions do industry and the business community believe the grantee organization is capable of providing? Which of these have actually been provided?

- What is the value of the grantee's services from the business customers' perspective? How does the grantee obtain this perspective?

- Has the demand-driven service delivery approach improved the grantee organization's position in the eyes of business? Has it opened up new opportunities for the grantee organization to provide services to businesses?

- What effect has demand-driven services had on basic operations and services (e.g., job listings, screening, or referrals)? What has been the effect on other services and operations (e.g., assessment or training)?

- What effect has demand-driven service delivery had on the grantee's performance in general and the specific performance goals contained in the grant?

Sources and Notes:

Indicator 1.24 (E)
The grantee leverages the system's resources to broaden their impact.
FPO Guidance: *Interview the leadership of the grantee; examine the sources of information and mechanisms (e.g., Memorandum of Understanding (MOU) used by the grantee to leverage resources).*

- How does the grantee organization determine the resource requirements for the business services function?

- What other functions, in addition to business functions, are critical to providing successful solutions to businesses?

- What organizations and institutions provide resources (e.g., services) directly supportive of the grant's results?

- What key relationship has the grantee organization developed with strategic partners to accomplish its demand-driven goals?

- How is the network used by the grant organization to leverage resources and create solutions for its business customers?

Sources and Notes:

OBJECTIVE 1.3 Program Integration: Integration is supported, codified in policy, measured, and evident at the leadership level of the workforce system in which the grantee operates.

Summary of Indicators

1.31 The grantee organization and its senior level leadership support program integration into the larger workforce investment system. **E**

1.32 Integration is used to define policies, systems, and service design that reduce duplication, maximize the reach of resources, ensure appropriate customer service across funding streams, and reduce administrative overhead. **E**

Indicator 1.31 (E)
The grantee organization and its senior level leadership support program integration into the larger workforce investment system.
FPO Guidance: *Interview grantee staff. Review grantee policies to determine how they support integrated approaches to system design and service delivery, and how the grantee links to the larger workforce investment system.*
- Has the leadership of the grantee developed a vision that outlines workforce needs and priorities of the core customers (job seeker and employer)?   - Do required leadership councils, including workforce boards, boards of directors, or operators, have active representation from key partners and stakeholders?   - Has the leadership of the grantee established an operational framework that coordinates activities with other workforce investment partners in the community?   **Sources and Notes:**

Indicator 1.32 (E)
Integration is used to define policies, systems, and service design that reduce duplication, maximize the reach of resources, ensure appropriate customer service across funding streams, and reduce administrative overhead.
FPO Guidance: *Interview grantee staff. Review grantee policies to determine how they support integrated approaches to system design and service delivery, and how the grantee links to the larger workforce investment system.*

- Does the coordination reduce administrative duplication? This might include the consolidation of department heads, cabinets, fiscal units, and/or performance units.

- Has grantee leadership issued policies, memoranda, or directives that require and support integration of services with other partner programs?

- Does grantee actually track the progress of integration and report to decision-makers periodically?

- Do grantee planning and work documents outline how integration with other programs will be accomplished and have measurable success indicators related to integration?

Sources and Notes:

CORE ACTIVITY 2
PROGRAM AND GRANT MANAGEMENT SYSTEMS

Program and grant management systems support grant functions or activities that are necessary for the operation of a project but are not related to the direct provision of services. These grant functions include personnel, administrative and oversight, management information, and reporting systems. Those functions NOT incorporated in Core Activity 3—Financial Management Systems—are incorporated herein. In addition, activities are included when their purpose is to ensure compliance with applicable statutory, regulatory, and grant requirements common to all ETA grants.

CORE ACTIVITY 2 GENERAL INSTRUCTIONS

The purpose of the Core Activity 2 monitoring component is to evaluate the grantee's capacity to perform the broad management functions that are required when operating federally funded workforce development grants. During this phase of monitoring, you will focus on nine program and grant management systems. Each objective focuses on a separate system or requirement and includes one or more indicators to assist in determining if the objective has been met.

To prepare for monitoring these core management functions, review the referenced authoritative citations that are in Appendix A. The appendix contains outlines of the compliance requirements that provide a quick reference for use in the field.

Summary of Findings for Core Activity 2	
Promising Practices	
Findings or High-Risk Factors	
Other Observations	

OBJECTIVE 2.1 Administrative Controls: Administrative Controls are sufficient to ensure grant integrity [29 CFR 97.40; 29 CFR Part 95].

Summary of Indicators

2.11 The organization maintains policies and procedures for core management functions and program operations. **C**

2.12 Written monitoring tools and procedures are used to monitor all elements of the grant Statement of Work (SOW) against performance objectives and compliance with uniform administrative requirements. Monitoring tools and procedures are appropriate for subrecipient monitoring. **E**

2.13 The organization maintains written documentation including monitoring reports, findings, corrective actions, and resolutions for each grant monitored. **E**

2.14 Record retention policies that meet the requirements of applicable Federal laws and regulations are in place and followed. (Appendix A contains additional information on these requirements.) **C**

Indicator 2.11 (C)
The organization maintains policies and procedures for core management functions and program operations.
FPO Guidance: *Interview the primary staff responsible for the development and issuance of policy.*
- What determines that a policy is needed? Are there areas in which the need for policy has not been addressed?   - What is the process for developing and issuing policies? Is it followed?   - Who is on the distribution list? How is the list developed and maintained?   - Are all grantee policies currently in force included in the written record?   **Sources and Notes:**

Indicator 2.12 (E)

☐ Written monitoring tools and procedures are used to monitor all elements of the grant SOW against performance objectives and compliance with uniform administrative requirements. Monitoring tools and procedures are appropriate for subrecipient monitoring.

FPO Guidance: *Review monitoring tools, e.g., protocols, manuals, and general instructions that relate to program monitoring. Compare these documents to the grant goals and the applicable Federal requirements.*

- In terms of content, is the information reviewed in the monitoring tools aligned to both individual grant goals and the Federal requirements? If not, what is missing?

- Are the monitoring protocols and instructions clear and adequate to guide the monitoring process? Are the monitoring tools adaptable to all grants, or are there individual tools for each grant and subrecipient?

- How does the grantee develop its subrecipient monitoring schedule? Is it followed?

- Does there appear to be an assignment of risk to either subrecipients or to grants operated by the grantee? What is the basis for determining high-risk/low-risk levels?

- Are all elements of every grant and subgrant SOW monitored on at least an annual basis?

Sources and Notes:

Indicator 2.13 (E)

The organization maintains written documentation including monitoring reports, findings, corrective actions, and resolutions for each grant monitored.

FPO Guidance: *Review all written documentation related to the grantee's monitoring activities, especially monitoring reports for the past year. Interview monitoring supervisor for clarification of any inconsistencies between the records and the information provided above.*

- Are there any discrepancies between the records and the monitoring process and tools that were reviewed above? If so, what accounts for those?

- Are corrective actions followed-up? Are there any examples of how monitoring has led to corrective actions that either averted misuse of funds or resulted in improvements to program quality or efficiency?

- Is there a pattern in the records that shows:
  ✓ monitoring procedures were not properly followed or inconsistently applied; or
  ✓ other weaknesses in monitoring and oversight?

Sources and Notes:

Indicator 2.14 (C)
Record retention policies that meet the requirements of applicable Federal laws and regulations are in place and followed. (Appendix A contains additional information on these requirements.)
FPO Guidance: *Review the grantee organization records retention and access policy. Interview staff responsible for record retention.*

- Is the policy in compliance with applicable Federal laws and regulations? Ask for any clarification needed based on the review of the written policy document.

- Does it appear the written records retention and access policy reflect actual grantee organization practice?

- Is the physical location of the space used for record retention adequate and accessible?

- If records are in an electronic medium, is the medium likely to be outdated in three years and not accessible?

Sources and Notes:

OBJECTIVE 2.2 Personnel: The management structure and staffing of the grantee organization are aligned with the grant SOW and designed to assure responsible general management of the organization [OMB Circular A-87 Attachment A.2.a; OMB Circular A-122 Attachment A.2.a].

Summary of Indicators

2.21 A current written personnel policy (including hiring process and procedures) that meets the requirements of applicable Federal laws and regulations is on file and in force. (Appendix A contains additional information on these requirements.) **C**

2.22 An organizational chart and job descriptions illustrate a staffing structure that is sufficient to perform grant management functions and implement the grant SOW. **E**

2.23 Organizational chart staff positions are filled with individuals that possess the qualifications indicated on job descriptions. **E**

Indicator 2.21 (C)
A current written personnel policy (including hiring process and procedures) that meets the requirements of applicable Federal laws and regulations is on file and in force. (Appendix A contains additional information on these requirements.)
FPO Guidance: *Review the personnel policy of the grantee organization. Interview staff responsible for personnel or human resources for the organization. Review a listing of the grantee organization's job openings for the past 12 months.*
- Is the policy in compliance with applicable Federal laws and regulations? (Refer to Appendix A to reference requirements.)   - Does it appear the written personnel policy reflects current grantee organization practice?   - Do records indicate that hiring procedures were conducted according to the grantee's organization personnel policy?   - Do procedures for hiring personnel pose an impediment to meeting grant implementation schedules?   - Are there any examples of how hiring delays caused by grantee organization hiring procedures impeded project startup or implementation?   **Sources and Notes:**

Indicator 2.22 (E)

☐ An organizational chart and job descriptions illustrate a staffing structure that is sufficient to perform administrative functions and implement the grant SOW.

FPO Guidance: *Review the grantee organizational chart. Interview the executive staff person responsible for the direction and management of the grantee organization.*

- Does the organizational chart present a staffing structure that provides capacity for the key functions such as:
  - ✓ Executive
  - ✓ Fiscal
  - ✓ Management Information Systems
  - ✓ Program Operations

- Are there any gaps evident in the grantee organization management and staffing structure?

- Review job descriptions for one or two primary staff responsible for performing key grant functions. Do the job descriptions delineate responsibilities, duties, and required experience, skills, and qualifications that clearly describe the expectations and requirements of the positions in order to provide grantee organization capacity in these key functional areas?

- If the grant contains specific staffing requirements, review a written description of the current staffing pattern and compare this information with staffing patterns as described in the grant contract. Are the current project staffing patterns in accordance with the grant contracts? If there are deviations, how are they being addressed?

Sources and Notes:

Indicator 2.23 (E)

Organizational chart staff positions are filled with individuals that possess the qualifications indicated on job descriptions.

FPO Guidance: *Review documentation that lists organizational chart positions, qualifications for the positions as delineated on job descriptions, and the qualifications of staff currently employed in each position. Note: you may be required to compile the list from grantee source documentation. You may also choose a sample to document.*

- Are positions currently filled with individuals that possess the qualifications indicated on job descriptions?

- If there are deviations, how are they being addressed?

Sources and Notes:

OBJECTIVE 2.3 Civil Rights: **Recipients of financial assistance from the DOL must comply with applicable Federal Civil Rights laws [Title VI, Section 504 of the Rehabilitation Act of 1973; Title IX, Age Discrimination Act of 1975; Section 188 of the Workforce Investment Act; 29 CFR Part 31; 29 CFR Part 32; 49 CFR Part 25; 29 CFR Part 35; and, 29 CFR Part 37, respectively].** <u>**Note**</u>**: all findings and observations need to be shared with the Civil Rights Center.**

Summary of Indicators

2.31 **Policies and procedures developed in accordance with applicable laws and regulations are in place that demonstrate the grantee's commitment to the principles of the laws and regulations. (Appendix A contains additional information on these requirements.)** C

2.32 **Notices (in languages appropriate to the populations served) are visibly posted to inform staff, project participants, and service providers of the discrimination complaint process, Equal Opportunity (EO), and Section 504 policies.** C

2.33 **The grantee location and facility, or part of the facility, is physically accessible to and usable by disabled individuals.** C

Indicator 2.31 (C)
Policies and procedures developed in accordance with applicable laws and regulations are in place that demonstrate the grantee's commitment to the principles of the laws and regulations. (Appendix A contains additional information on these requirements.)
FPO Guidance: *DOL financial assistance recipients must comply with these Federal Civil Rights laws:* • *Title VI – Civil Rights Act of 1964* • *Section 504 – Rehabilitation Act* • *Title IX, Education Amendments Act of 1972* • *Age Discrimination Act of 1975* • *Section 188 of the Workforce Investment Act* *Interview the grantee's EO officer and/or staff assigned responsibility for ensuring the organization's compliance with these laws.*

- Does the organization have a written discrimination complaint procedure?

- Does the organization use wording required by 29 CFR 37.34 in publications, materials, and brochures?

- Does the organization have a system for periodically monitoring their compliance with the EO law?

- Does the organization prominently post an *EO Is The Law* notice with wording mirroring 29 CFR 37.30?

Sources and Notes:

Indicator 2.32 (C)
Notices (in languages appropriate to the populations served) are visibly posted to inform staff, project participants, and service providers of the discrimination complaint process, EO, and Section 504 policies.
FPO Guidance: *Observe the notices that the grantee organization has posted to inform individuals of their rights related to complaints regarding compliance with EO and Section 504.*

- Does the *EO Is The Law* (see 2.31 bullet) notice provide contact information for the grantee organization's EO officers, an overview of the discrimination complaint process, and how complaints may be filed?

- Are notices prominently posted in a reasonable number of places to include administrative and service delivery areas, and are they available in appropriate formats to individuals with visual impairments?

- If a significant number of the population eligible to be served speaks a language or languages other than English, has the grantee organization taken reasonable steps to provide the notice in the appropriate language(s)?

- Do employment notices, participant recruitment flyers, or other written materials published by the grantee contain a statement providing the required written EO notice?

Sources and Notes:

Indicator 2.33 (C)
The grantee location and facility, or part of the facility, is physically accessible to and usable by disabled individuals.
FPO Guidance: *Do a walk-through of the grantee organization facility.*

- Does the location and facility meet physical access requirements? (Refer to Appendix A to reference requirements.)

Sources and Notes:

OBJECTIVE 2.4 Sustainability: **If required, there is a viable plan for sustaining grant activities for those grants whose funds are scheduled to expire [Statement of Work (SOW)]. <u>Note</u>: not applicable to formula grants.**

Summary of Indicators

2.41 **The organization has identified resources that will support project activities after the grant expires.** E

2.42 **A plan is in place for continuation of services to participants who have not completed the program by the end of the grant period.** E

Indicator 2.41 (E)
The organization has identified resources that will support project activities after the grant expires.
FPO Guidance: *Interview a number of grantee organization project directors.*
- How does project staff work to secure resources to sustain project activities after the expiration of a Federal grant?   - Can the staff cite resources that have been identified to support project activities after the grant expires?   - Does it seem likely that project activities will continue after the grant expires?   **Sources and Notes:**

Indicator 2.42 (E)
A plan is in place for continuation of services to participants who have not completed the program by the end of the grant period.
FPO Guidance: *Interview a number of grantee organization management and operations staff.*

- Have the staff describe, in general, how they work to ensure that project participants who are active at the end of a grant period have continued access to services so that participants can achieve their goals?

- If the grant is about to end, how will services continue to be available to participants who have not completed the program by the end of the grant period?

- Does it seem likely that participants will have continued access to services?

Sources and Notes:

OBJECTIVE 2.5 Match: If applicable, policy and procedures to meet grant match requirements are met [27 CFR 95.23; 29 CFR 97.24]. When applicable, the organization provides for the use of leveraged resources.

Summary of Indicators

2.51 Written policy and procedures that describe grant match requirements, allowable match, and methods for tracking match have been issued to all parties affected. **C**

2.52 When applicable, the organization maintains a system to calculate and track the use of leveraged resources. **E**

2.53 Records are available and demonstrate that match is being tracked. **C**

Indicator 2.51 (C)
Written policy and procedures that describe grant match requirements, allowable match, and methods for tracking match have been issued to all parties affected.
FPO Guidance: *Review the grantee organization's written policy and procedures for grant match and interview staff responsible for documenting match.*

- Does the policy address match requirements, costs and contributions allowable to meet match requirements, and methodology for tracking and documenting match?

- Does it appear that the written match requirement policy and procedures reflect actual grantee organization practice?

Sources and Notes:

Indicator 2.52 (E)
When applicable, the organization maintains a system to calculate and track the use of leveraged resources.

FPO Guidance:	*Review the grant to determine if the use of leveraged resources is required to support grant activity. Ask to review the process used by the grantee organization to determine the calculation of leveraged resources. Interview staff responsible for documenting the use of leveraged resources.*

- Does the organization have a written process to define and track the use of leveraged resources? If not, how does the grantee track their use?

- Does the organization appropriately report the use of leveraged resources in their performance reports?

Sources and Notes:

Indicator 2.53 (C)
Records are available and demonstrate that match is being tracked.
FPO Guidance: *Review financial records that document required match grant(s) being operated by the grantee organization.*
▪ Are costs and third-party in-kind contributions that are being counted toward satisfying the match requirement verifiable from the financial records? ▪ Do records indicate the extent to which match is being tracked? **Sources and Notes:**

OBJECTIVE 2.6 Equipment: Grantees who purchase equipment with grant funds have a system in place, including written policies and procedures, to ensure it receives written approval ***prior*** to purchasing equipment. The grantee maintains a property management system in accordance with requirements [29 CFR 95.34 and 29 CFR 97.32].

Summary of Indicators

2.61 The grantee has a system for the acquisition, management, and disposition of equipment purchased with grant funds. **C**

2.62 The grantee has sought and received approval ***prior*** to purchasing equipment and has written evidence of prior approval received for items of equipment it has purchased with grant funds. **C**

Indicator 2.61 (C)
The grantee has a system for the acquisition, management, and disposition of equipment purchased with grant funds.
FPO Guidance: *Review the organization's policies and procedures on purchasing, managing, and disposing of equipment.*
▪ Do they have policies and procedures? If not, how do they comply? ▪ Does the organization maintain an inventory of equipment purchased with ETA funds?
Sources and Notes:

Indicator 2.62 (C)
The grantee has sought and received approval ***prior*** to purchasing equipment and has written evidence of prior approval received for items of equipment it has purchased with grant funds.
FPO Guidance: *Ask the organization how and when it obtains approval for purchasing equipment. Request evidence that the organization has sought and received written approval **prior** to purchasing equipment. Document their responses to your inquiries and the extent to which they are in compliance with this indicator.*
▪ How and when does the organization obtain approval for the purchase of equipment?
Sources and Notes:

OBJECTIVE 2.7 Procurement: All procurement actions are conducted in a manner that provides for "full and open competition" [29 CFR 97.36; 29 CFR 95.40-48].

Summary of Indicators

2.71 The organization follows their own procurement procedures which reflect applicable state and local laws and regulations, provided that their procurements conform to applicable Federal laws and standards. **C**

2.72 The organization maintains a system for the administration of contracts, including appropriate contract or subrecipient clauses. **C**

Indicator 2.71 (C)
The organization follows their own procurement procedures which reflect applicable state and local laws and regulations, provided that their procurements conform to applicable Federal laws standards.
FPO Guidance: *Ask for a copy of procurement rules or other written guidelines that are used in the procurement of both goods and services. Interview staff or members who are familiar with procurement requirements.*

- Does the organization have written procurement policies and procedures?
- Do the organization's procurement policies and procedures conform to applicable rules and regulations?
- How does the organization assure that it conducts procurement activities in a manner to ensure full and open competition? Document your observations of the extent to which the organization appears to use full and open competition to procure its goods and services.

Sources and Notes:

Indicator 2.72 (C)
The organization maintains a system for the administration of contracts, including appropriate contract or subrecipient clauses.
FPO Guidance: *Interview staff or members who are familiar with subgrant or subcontract processes. Ask for a copy of required contract and/or grant clauses.*

- Does the organization have a boilerplate contract or subrecipient format?
- Are the required clauses included?

Sources and Notes:

OBJECTIVE 2.8 Audit and Audit Resolution: The organization has a system in place for an audit of financial activity in accordance with the provisions of OMB Circular A-133, if applicable. The organization maintains an audit and audit resolution process, including debt collection in accordance with Federal grant requirements [29 CFR 99.200; 29 CFR Part 96; 29 CFR 95.20; 29 CFR 97.20].

Summary of Indicators

2.81 The organization maintains a system for audit in compliance with OMB Circular A-133. **C**

2.82 The organization has a system in place to assure subrecipient audits are conducted and resolved. **C**

2.83 The organization is aware of and has met the financial system requirements, including established processes for debt collection. **C**

Indicator 2.81 (C)
☐   If applicable, the organization maintains a system for audit in compliance with OMB Circular A-133.
FPO Guidance: *Organization-wide or program-specific audits must be conducted under the auspices of OMB Circular A-133, which implements the Single Audit Act, when total Federal expenditures are $500,000 or more for an organizational fiscal year ending after December 31, 2003. Interview appropriate staff and document their response. If the organization had an audit done, and questioned cost or findings arose as a result of the audit, obtain a copy of the organization's audit report. If applicable, obtain a written status report of the questioned costs and/or findings*
▪   Is the organization aware of the audit requirements?   ▪   What is the latest period for which an audit was conducted?   ▪   Was the latest audit organization-wide (A-133) or program-specific?   **Sources and Notes:**

Indicator 2.82 (C)
The organization has a system in place to assure subrecipient audits are conducted and resolved.
FPO Guidance: *Organization-wide or program-specific audits must be conducted under the auspices of OMB Circular A-133, which implements the Single Audit Act, when total Federal expenditures are $500,000 or more for an organizational fiscal year ending after December 31, 2003. Interview appropriate staff and document their response. Review documentation that would support the answers below (tracking system, audit reports, contract requirements).*

- How does the organization determine the need for audits of subrecipients?

- What processes are followed to resolve subrecipient audit findings?

- Does the organization have a tracking system in place to ensure that all required subrecipient audits are received in a timely manner and resolved in accordance with audit requirements?

Sources and Notes:

Indicator 2.83 (C)
The organization has an established process for debt collection for subrecipients.
FPO Guidance: *Ask the financial staff what procedures are in place to establish a debt, when necessary, and what procedures are in place to recover an established debt.*

- Does the organization have procedures to establish a debt when necessary with a subrecipient, contractor, or another other organization?

- Does the organization have procedures in place to ensure debts are collected?

- Does the organization have policies concerning writing off debts (receivables)?

Sources and Notes:

OBJECTIVE 2.9 Reporting Systems: The organization maintains data collection and reporting systems to fulfill external reporting requirements, both financial and programmatic [29 CFR 95.21(b)(1); 29 CFR 97.20(2)(b)(1); 29 CFR 97.40; 29 CFR 97.41; 29 CFR 95.51; 29 CFR 95.52].

Summary of Indicators

2.91 Federally-required reports are submitted within designated timeframes and are consistent with data in the Management Information System (MIS). **C**

2.92 The MIS produces periodic management reports related to project goals and the work plan. **E**

2.93 The MIS includes a data validation process to ensure accurate input of source data, including source documentation. **E**

Indicator 2.91 (C)
Federally-required reports are submitted within designated timeframes and are consistent with data in the MIS.
FPO Guidance: *Review MIS reports representing a sample of different reporting periods for both program reports and financial reports and compare them with the required corresponding Federal reports applicable to the same grants and time period. Consult with the appropriate staff for clarification as needed. Prior to going on-site, review the submission record of the organization for Quarterly Financial Status Reports (QFSRs) or SF-269s to ensure they are submitting accurate and complete reports electronically in a timely manner.*

- Does the organization submit its financial reports electronically (if available)?

- Does the organization submit its QFSR or SF-269 in a timely manner?

- Do the MIS reports reflect the same data for the time period and grant sampled as it appears on the Federal report? If not, what is the explanation for the variance?

- Where MIS reports are not directly linked to the Federal reports, how is data cross-walked to complete Federal reporting requirements?

- Summarize your conclusions about any identified weaknesses in the procedures for linking MIS data to the Federal reports. Confirm or correct your understanding of the system and its weaknesses, if any, based on staff interviews.

Sources and Notes:

Indicator 2.92 (E)
The MIS produces periodic management reports related to project goals and the work plan.
FPO Guidance: *Review interim or periodic project reports produced by the MIS. Interview project administrators for the sampled grants.*
▪ Is there a logical link between the progress report formats and the grant goals? ▪ If there are no MIS reports on interim objectives, are there other means for capturing this information? **Sources and Notes:**

Indicator 2.93 (E)
The MIS includes a data validation process to ensure accurate input of source data, including source documentation.
FPO Guidance: *Review MIS policies and procedures, examples of source data, and relevant performance data.*
▪ Is a data validation process included in the policies and procedures? ▪ Does the staff follow the policies and procedures for editing and checking source data? ▪ Is the source documentation available and consistent with MIS data? ▪ Do you believe that policies and procedures in place are adequate to ensure accuracy? **Sources and Notes:**

CORE ACTIVITY 3
FINANCIAL MANAGEMENT SYSTEMS

Financial management systems are part of the overall organizational administrative systems that support grant functions or are those activities necessary for the operation of a project but not related to the direct provision of services. The standards for financial management systems are in 29 CFR 95.21 and 29 CFR 97.20.

CORE ACTIVITY 3 GENERAL INSTRUCTIONS

The purpose of the Core Activity 3 component is to evaluate the grantee's capacity to perform the financial management functions that are required when operating federally funded workforce development grants and assure the proper safeguards are in place to protect grant assets. During this phase of monitoring, you will focus specifically on the financial management systems that relate to budgets, cash management, program income, cost allocation, allowable costs, internal controls, and financial reporting. If further review of any of these systems is necessary based on your findings, obtain copies of the documents relevant to your findings to share with the Office of Systems Support or the Division of Fiscal and Grants Management Policy and Review staff as appropriate.

To prepare for monitoring these financial management functions, review the referenced authoritative citations that are in Appendix A. Appendix B also includes a list of definitions related to grant activities and Appendix C outlines allowable costs addressed in the OMB Cost Principles Circulars.

Summary of Findings for Core Activity 3	
Promising Practices	
Findings or High-Risk Factors	
Other Observations	

OBJECTIVE 3.1 Budget Controls: The organization has a method for tracking planned expenditures that allows it to compare actual expenditures or outlays to planned or estimated expenditures [29 CFR 97.20(b)(4); 29 CFR 95.21(b)(4)].

Summary of Indicators

3.11 The organization has an approved budget that is compared to actual expenditures on a regular basis (i.e., quarterly) to determine if it needs to modify its budget. **C**

Indicator 3.11 (C)
The organization has an approved budget that is compared to actual expenditures on a regular basis (i.e., quarterly) to determine if it needs to modify its budget.
FPO Guidance: *Interview the staff primarily responsible for modifying the budget and comparing budgeted to actual expenditures. Review the organization's most current approved budget. Cross reference to Objective 5.1 to answer as needed.*
- Does the organization have a current approved budget?   - How does the staff compare actual costs to budgeted costs to ensure that the program operates within the budget and the organization submits budget modification requests in a timely manner?   - Has the organization done a recent planned versus actual cost analysis?   - Does the organization have a method for ensuring that obligations do not exceed availability?   **Sources and Notes:**

OBJECTIVE 3.2 Cash Management: The organization's cash draws are necessary and reasonable, and the timing and amount of such draws appear to be as close as possible to the actual disbursement of grant funds for the payment of allowable and allocable costs incurred by the grant [29 CFR 97.20(b)(7); 29 CFR 95.22].

Summary of Indicators

3.21 Grant recipients have a mechanism in place, including policies and procedures, to minimize the time between the transfer of funds from the U.S. Treasury and disbursement of funds to pay allowable costs. The grantee draws cash as close to the time of making disbursements as possible. If applicable, grantees monitor the cash management activities of their subrecipients to ensure that the subrecipients conform to the same standards of timing and amount that apply to the grantees. **C**

Indicator 3.21 (C)
Grant recipients have a mechanism in place, including policies and procedures, to minimize the time between the transfer of funds from the U.S. Treasury and disbursement of funds to pay allowable costs. The grantee draws cash as close to the time of making disbursements as possible. If applicable, grantees monitor the cash management activities of their subrecipients to ensure that the subrecipients conform to the same standards of timing and amount that apply to the grantees.
FPO Guidance: *Review the organization's policies and procedures on cash management. Ask the organization for a summary of their drawdowns and expenditures for one month. Compare their drawdowns for one month to their expenditures for the same month. Document the organization's responses to your inquiries, the extent to which they are in compliance with the indicators, and the results of your review of their expenditures in relation to their draws. Keep in mind that drawdowns should lag behind reported accrued expenditures. If the grantee has a subrecipient, request evidence that the grantee is monitoring the cash management activities of their subrecipients.*

- How often does the organization draw down cash and how does it determine when and how much cash to draw down?

- Does the organization follow its policies and procedures on cash management?

Sources and Notes:

OBJECTIVE 3.3 Program Income: The organization is aware of the requirements for earning, spending, and reporting program income [29 CFR 97.25; 29 CFR 95.24].

Summary of Indicators

3.31 The organization understands the definition of program income, knows whether it is earning program income, and if it is earning program income, is documenting it correctly and using the cash to provide additional services under the grant prior to drawing grant funds. **C**

Indicator 3.31 (C)
The organization understands the definition of program income, knows whether it is earning program income, and if earning program income, is properly documenting and using it to provide additional services under the grant prior to drawing grant funds.
FPO Guidance: *Review the organization's SF-269 to determine if it is earning, using, and reporting program income. Based on your review, if the organization does not appear to be earning, using, and reporting program income, use the guidance above to determine if the organization is earning program income but has failed to use, document, and report it.*
- Does the organization know whether it is earning program income?   - Are they aware of the definition of program income as it relates to their activities?   - How does the organization ensure that program income earned is being documented correctly and used to provide additional services under the grant?   - Do the organization and its subrecipients use cash from program income activities before requesting additional Federal grant funds (cash draw)?
Sources and Notes:

OBJECTIVE 3.4 Cost Allocation: The organization only allocates costs to the grant to the extent that a benefit was received [OMB Circular A-87 Attachment A; A-122 Attachment A; A-21 Section J].

Summary of Indicators

3.41 There is written evidence, such as a timesheet, that costs being allocated to the grant are being treated consistently over time and within the accounting system, are necessary and reasonable, and are allocated to the grant based on the benefit received. The organization has written policies and procedures for distributing program costs, staff time, and general and administrative costs among programs. **C**

3.42 The organization has written policies and procedures for distributing program costs, staff time, and general and administrative costs among programs. **E**

3.43 The organization has an approved indirect cost rate or cost allocation plan. **C**

Indicator 3.41 (C)
There is written evidence, such as a timesheet, that costs being allocated to the grant are being treated consistently over time and within the accounting system, are necessary and reasonable, and are allocated to the grant based on the benefit received.
FPO Guidance: *Allocability is the extent to which a cost benefits the grant. A common allocation issue arises when personnel compensation costs are charged to a grant. Allocate to the grant only that portion of time that staff spends implementing allowable activities. If the organization receives funds from more than one source or administers more than one grant program, obtain copies of the timesheets of two staff who work on more than one grant to determine how they are allocating their time among the grant programs. Use timesheets to document grantee staff that work on more than one program.*

- How does the organization, which receives funds from more than one source or administers more than one grant program *and* has staff that work on more than one grant, allocate their staff's time among the various grant programs they work on?

Sources and Notes:

Indicator 3.42 (E)
The organization has written policies and procedures for distributing program costs, staff time, and general and administrative costs among programs.
FPO Guidance: *Review the organization's written polices and procedures for distributing program costs, staff time, and general and administrative costs among programs.*
▪ Does the organization maintain written polices and procedures for distributing program costs, staff time, and general and administrative costs among programs?
Sources and Notes:

Indicator 3.43 (C)
The organization has an approved indirect cost rate or cost allocation plan.
FPO Guidance: *Ask the organization if they have an approved indirect cost rate or a cost allocation plan. Obtain a copy of the organization's indirect cost rate or cost allocation plan and give it to regional fiscal staff as appropriate.*
▪ Does the organization have an approved indirect cost rate or cost allocation plan?
Sources and Notes:

OBJECTIVE 3.5 Allowable Costs: The organization has a system in place to ensure the program is incurring necessary and reasonable costs and is only charging allowable and allocable costs to the grant [OMB Circular A-87 Attachment A; A-122 Attachment A; A-21 Section C].

Summary of Indicators

3.51 The organization has a copy of its applicable OMB cost principles circular and is aware of which costs are allowable, allowable under certain conditions, or unallowable. **E**

Indicator 3.51 (E)
The organization has a copy of its applicable OMB cost principles circular and is aware of which costs are allowable, allowable under certain conditions, or unallowable.
FPO Guidance: *Ask program and financial staff which OMB cost circular they use to determine the extent to which a cost charged to the grant is allowable. If applicable, review the letter from the Grant Officer giving the organization approval to purchase equipment listed in their budget.*
▪ How does the organization ensure that the grant is not charged unallowable costs based on applicable cost principles and the provisions of the grant agreement? ▪ If the organization has subrecipients, how do they ensure that their subrecipients are following appropriate cost guidelines and the policies of the awarding agency? Has the organization issued written cost policies to their subrecipients? **Sources and Notes:**

OBJECTIVE 3.6 Internal Controls: Effective control, integrity, and accountability are maintained for all grant and subrecipient cash, personal property, and other grant assets [29 CFR 97.20 (a)(2)(b)(3); 29 CFR 95.21(3)].

Summary of Indicators

3.61 Grant recipient has adequate safeguards for all grant property and ensures that it is used solely for authorized purposes; has mechanisms in place to prevent unauthorized purchases and disbursements of grant funds; and safeguards its cash and other assets so no one person controls the order, receipt, payment, and reconciliation of an asset. **C**

Indicator 3.61 (C)
Grant recipient adequately safeguards all grant property and ensures that it is used solely for authorized purposes; has mechanisms in place to prevent unauthorized purchases and disbursements of grant funds; and safeguards its cash and other assets so no one person controls the order, receipt, payment, and reconciliation of an asset.
FPO Guidance: *Ask the organization's financial staff for evidence, including written policies and procedures, of separation of duties or other safeguards that they have in place to prevent unauthorized purchases and disbursements of grant assets. Observe the activities of staff to determine the extent to which they have implemented their internal control policies and procedures. Inquire about how the organization manages its assets so no one person has complete control over all aspects of a financial transaction. Document their responses to your inquiries, the extent to which they are in compliance with the indicators, and your observations.*

- How does the organization manage and safeguard its cash and protect its other assets so no one person has complete control over all aspects of a financial transaction?

- What safeguards exist to prevent unauthorized purchases or disbursements of funds?

Sources and Notes:

OBJECTIVE 3.7 Financial Reporting: The organization has an accounting system that allows it to maintain accurate and complete disclosure of the financial results of its grant activities and those of its subrecipients according to the financial reporting requirements of the grant [29 CFR 95.21(b)(1); 29 CFR 97.20(2)(b)(1)].

Summary of Indicators

3.71 If the organization maintains its books of account on a cash basis, it develops and reports accrual data on the financial status report. **C**

3.72 If there are subrecipients, the grantee has a system in place to ensure the subrecipient is reporting the financial results of its grant activities on an accrual basis and in a timely manner. **C**

Indicator 3.71 (C)
If the organization maintains its books of account on a cash basis, it develops and reports accrual data on the financial status report.
FPO Guidance: *If the organization keeps its books on a cash basis, ask the organization for evidence that the financial data included in its quarterly financial status reports to ETA are on an accrual basis. This may be in the form of a spreadsheet or another type of document that will link to the accounting records.*
▪ Does the organization maintain its books of account on a cash or accrual basis?
▪ Is the financial data included in the costs reported to ETA on an accrued basis? What evidence is there to support accruals (spreadsheets, MIS reports, etc.)?
Sources and Notes:

Indicator 3.72 (C)
If there are subrecipients, the grantee has a system in place to ensure the subrecipient is reporting the financial results of its grant activities on an accrual basis and in a timely manner.
FPO Guidance: *If applicable, determine if the organization is receiving financial data from its subrecipients in a timely manner so that it can include this data in its reports to ETA. Ask for copies of any policies or contract clauses related to subrecipient reporting.*
▪ Is the organization receiving timely data from its subrecipients?
▪ Are there policies or contract clauses concerning financial reporting?
Sources and Notes:

CORE ACTIVITY 4
SERVICE DELIVERY

Core Activity 4 addresses the systems, procedures, and program operational elements that are essential to the effective delivery of participant and employer services or the development of a product.

CORE ACTIVITY 4 GENERAL INSTRUCTIONS

The purpose of the Core Activity 4 monitoring component is to evaluate the grantee's capacity and effectiveness in delivering services to participants and employers, or to deliver indirect services or products, in accordance with the grant SOW requirements. There are few Federal regulations that establish compliance requirements for service delivery, except for grants that must meet eligibility requirements. Consequently, most of the compliance indicators that the reviewer needs to evaluate in this section relate to the types of services and method of delivery that are specified in the grant agreement itself. In preparation for monitoring this core activity, the reviewer needs to become very familiar with the SOW and the other terms of the grant agreement, so that a determination can be made whether the grantee is fulfilling the terms of the grant and thereby complying with the conditions of the grant award. The other indicators in this core activity identify ways in which to measure the effectiveness of the grantee's service delivery system.

Summary of Findings for Core Activity 4	
Promising Practices	
Findings or High-Risk Factors	
Other Observations	

OBJECTIVE 4.1 Operating Systems: The grantee has the operating systems in place to fully implement the grant [SOW].

Summary of Indicators

4.11 The grantee is providing the full range of services stipulated in the grant agreement. **C**

4.12 For grants that develop products rather than provide services, the grantee is meeting the product terms and conditions stipulated in the grant agreement. **C**

4.13 Strategies are being implemented to recruit and screen participants who meet the target group criteria identified in the grant. **E**

4.14 Subrecipients and contracts called for in the project plan are in place and fully operational. **E**

Indicator 4.11 (C)
The grantee is providing the full range of services stipulated in the grant agreement.
FPO Guidance: *For grants that provide services, compare the grantee's report on actual service provision with the service requirements contained in the grant agreement.*

- ▪ Do program reports show that the grant is fully operational and providing the full range of services called for in the grant agreement?

- ▪ Are the services being provided in accordance with the SOW? Is the work being done on schedule?

- ▪ If service delivery is not fully operational, what is the grantee doing to correct the situation?

Sources and Notes:

Indicator 4.12 (C)
For grants that develop products rather than provide services, the grantee is meeting the product terms and conditions stipulated in the grant agreement.
FPO Guidance: *Compare the grantee's report on actual product development with the product terms and conditions stipulated in the grant agreement.*
- Do program reports show that the grant is fully operational and meeting its product objectives?   - Are all of the products being developed as called for in the SOW? Is the work being done on schedule?   - If product development is not fully operational, what is the grantee doing to correct the situation?   **Sources and Notes:**

Indicator 4.13 (E)
Strategies are being implemented to recruit and screen participants who meet the target group criteria identified in the grant.
FPO Guidance: *For grants intended to serve a target population, review the outreach and recruitment plan and discuss with staff performing this work. Review performance data related to recruitment for the period examined.*
- Does the plan indicate specific strategies and activities designed to inform the target population about grant services? Have they been implemented?   - Is the initial screening and assessment process effective in determining who are appropriate for and will benefit from grant services?   - Does the data indicate that recruitment goals for the target population have been met? If not, what is the grantee doing to address the problem?   **Sources and Notes:**

Indicator 4.14 (E)
Subrecipients and contracts called for in the project plan are in place and fully operational.
FPO Guidance: *Review copies of the project plan and written agreements with subrecipients or contractors.*

- Are all subrecipient agreements or contracts in place?

- Do program reports show that subrecipients/contracts are fully operational and meeting their service objectives?

- If any subrecipients/contracts are not fully operational, what is the grantee doing to correct the situation?

- Is the grantee providing adequate technical assistance to support subrecipient operations?

Sources and Notes:

OBJECTIVE 4.2 Participant Files: A review of participant files and case notes demonstrates that participants are receiving appropriate and effective services [SOW].

Summary of Indicators

4.21 The grantee is serving the eligible/target population identified in the grant. **C**

4.22 The grantee develops an individual service plan that identifies and meets the specific needs of each individual participant. **E**

4.23 Supportive services are being provided as needed to overcome client barriers to participation and completion of the individual service plan. **E**

4.24 Participants are receiving training as needed and progressing toward achieving their employment goals. **E**

Indicator 4.21 (C)
The grantee is serving the eligible/target population identified in the grant.
FPO Guidance: *The assessment of this indicator, and the three that follow, are based on the review of participant files and case notes for ten participants. Select the files at random to determine whether the four indicators related to this review objective are being met. Interview case management staff.* *For this indicator, determine whether the target population is being served. Also, for grants that have participant eligibility requirements, determine whether the correct eligibility determinations were made.*

- Are there written eligibility procedures and documentation requirements that are used to make accurate eligibility determinations? Does it appear that the staff follows the written procedures?

- Did the files contain sufficient documentation to fully support the eligibility determination?

- If applicable, were correct eligibility determinations made for the participants in the sample? If you find errors or omissions, note the specific exceptions and advise the grantee to re-verify the eligibility of any participant in question. If there appears to be a pattern of incorrect or incomplete eligibility determinations, advise the grantee to perform a complete review of its files to ensure that all participants are eligible.

- If any participants are ineligible, advise the grantee that all costs associated with ineligible participants are not allowable and must be restored to the grant or repaid to the grantor agency.

- If the grant is supposed to target a specific population for service (e.g., economically disadvantaged, ex-offenders, etc.), do the participants who are being served actually meet that target group definition?

Sources and Notes:

Indicator 4.22 (E)
The grantee develops an individual service plan that identifies and meets the specific needs of each individual participant.
FPO Guidance: *Review a sample of case notes and participant files, and interview case management staff.*

- Is an individual service plan (e.g., employment development plan, individual employment plan, or individual service strategy) developed for each participant based on the assessment results? Does it include short and long term goals? Does it include a strategy for overcoming the barriers identified in the assessment process?

- Is there evidence in the file that the case manager discussed the assessment results with the participant and that they jointly developed the individual service plan?

- Do the case notes document that there is ongoing contact between the case manager and the participant, that the participant's progress is being tracked, and that the service plan is updated when any change in circumstances, goals, or planned activities and services occurs?

- Are there any extended lapses in service? If yes, ask the case manager to explain why.

- Overall, is the assessment process effective in matching participants with appropriate service options?

- If time permits, interview a sample of participants and ask if they actively participated in the development of their service plans, and are fully aware of their employment goal and how the service plan is intended to help them reach that goal.

Sources and Notes:

Indicator 4.23 (E)
Supportive services are being provided as needed to overcome client barriers to participation in and completion of the individual service plan.
FPO Guidance: *Review a sample of case notes and participant files and interview case management staff.*

- Has the grantee implemented a policy to provide supportive services? Do the case notes and participant files identify the barriers that may prevent the client from participating in and successfully completing the individual service plan?

- Do these files indicate that a supportive services strategy has been developed to overcome the identified barriers? Is it adequate?

- Is there evidence that supportive services have actually been provided in accordance with the plan?

- Does the grantee provide follow-up services to participants after they have been placed in jobs in order to enhance job retention?

Sources and Notes:

Indicator 4.24 (E)
Participants are receiving training as needed and progressing toward achieving their employment goals.
FPO Guidance: *Review a sample of case notes and participant files and interview case management staff.*

- Does the file indicate that a specific employment goal has been identified for each participant?

- If training is needed to meet that employment goal, does the file reflect that a training plan has been developed that is consistent with achieving the employment goal?

- Is the participant on track in completing the training plan? If not, what has the case manager done to address the problem?

- If the participant has completed the training and service plan, has the grantee provided job search or other job development services to assist the participant in finding employment?

Sources and Notes:

OBJECTIVE 4.3 High-Growth Jobs: The grantee provides employment and training services that target high-growth jobs within expanding economic sectors.

Summary of Indicators

4.31 The grantee provides information on high-growth occupations and regional economic trends to job seekers and employers. **E**

4.32 Training activities are concentrated in those occupational areas having high-demand jobs in high-growth sectors. **E**

4.33 The grantee provides effective job search and job placement services to place participants in high-growth occupational areas. **E**

Indicator 4.31 (E)
The grantee provides information on high-growth occupations and regional economic trends to job seekers and employers.
FPO Guidance: *Review the labor market information that the grantee has made available and interview staff responsible for this information.*

- Does the grantee provide labor market information to job seekers and employers in an easy-to-understand format?

- Does the grantee use this information to shape its career exploration resources and career counseling activities?

Sources and Notes:

Indicator 4.32 (E)
Training activities are concentrated in those occupational areas having high-demand jobs in high-growth sectors.
FPO Guidance: *Compare the list of occupations that the grantee has identified as high-growth with the list of occupations in which training is actually occurring. Interview staff responsible for assisting participants in making training choices.*

- Has the grantee targeted its training strategy toward preparing participants for jobs in high-growth occupational areas?

- Has the grantee confirmed with targeted employers that its training plans are meeting their needs (e.g., meeting industry recognized standards)?

- Does the grantee make use of apprenticeships in meeting the skill needs of employers?

- To what extent do the actual choices for training (classroom and on-the-job training) coincide with the targeted occupations in high-growth areas? If they do not coincide, why not?

- If the grantee has not identified high-growth training priorities, how does it make decisions about the training choices that it supports?

Sources and Notes:

Indicator 4.33 (E)
The grantee provides effective job search and job placement services to place participants in high-growth occupational areas.
FPO Guidance: *Interview staff responsible for job placement services. Compare the list of occupations that the grantee has identified as high-growth with the list of occupations in which job placements are actually occurring.*

- Has the grantee identified high-growth occupations to target for job placements?

- To what extent is job placement staff knowledgeable about the high-growth occupations that are being targeted?

- To what extent do actual job placements coincide with targeted occupations in high-growth areas? If they do not coincide, why not?

Sources and Notes:

OBJECTIVE 4.4 Integrated Services: The grantee uses an integrated approach to provide services to job seekers and employers in a seamless service delivery system.

Summary of Indicators

☐ **4.41** The grantee coordinates its service delivery with other workforce agencies to provide integrated services to customers. **E**

☐ **4.42** Customers have access to the full array of workforce partner services. **E**

☐ **4.43** Employer services are integrated to minimize duplicative employer contact and maximize access to employment information. **E**

Indicator 4.41 (E)
The grantee coordinates its service delivery with other workforce agencies to provide integrated services to customers.
FPO Guidance: *Review the grantee's service flow plans. Review any agreements between the grantee and other workforce agencies to more fully integrate their service delivery system; interview management about any additional plans to do so. Interview front-line staff providing direct services to customers.*

- Has the grantee identified methods for integrating its services with other workforce programs?

- Has the grantee and its partner agencies jointly determined whether there are any gaps or duplication in the One-Stop Center's (or community's) service delivery structure?

- Does the grantee utilize the specialized services of other partner programs to support its operations, thus not duplicating services that are already available and resulting in cost savings to the grantee?

- Does the grantee, along with its partners, provide services to customers without regard to funding stream and program affiliation (e.g., joint intake, assessment, case management, and job placement)?

- Does the grantee participate with other partners in integrating their customer tracking system or other data bases?

Sources and Notes:

Indicator 4.42 (E)

Customers have access to the full array of workforce partner services.

FPO Guidance: *Interview front-line staff responsible for providing direct services to customers. Use the results of your file review to determine whether customers are provided access to all appropriate services available in the service area.*

- Are customers informed about, and do case managers consider, the full range of partner program services when determining which services are appropriate?

- Is the grantee able to make a direct referral to other partners' services?

- Is there evidence in the case files or elsewhere that referrals are regularly being made between partners and programs?

- Have the grantee and its partners instituted a policy on co-enrollment? To what extent are customers co-enrolled in more than one program? Has co-enrollment been increasing over time?

Sources and Notes:

Indicator 4.43 (E)

Employer services are integrated to minimize duplicative employer contact and maximize access to employment information.

FPO Guidance: *Interview staff who contacts, makes referrals, and provides services to employers.*

- Do service delivery plans include coordinating employer outreach with other workforce or partner programs to minimize repetitive contacts?

- Are services to employers marketed under one name and in a joint, coordinated approach?

- Do the grantee and its partners maintain and use a shared job bank or job listing service? Are job orders shared widely among partner programs?

- Do the grantee and its partners maintain and use a shared list of job seekers (and resumé data) who are ready to be referred to employers?

- Are job candidates screened before being referred to ensure that employers are receiving qualified candidates?

Sources and Notes:

OBJECTIVE 4.5 Business Relationships: The grantee provides effective services to employers.

Summary of Indicators

4.51 The grantee supports a business service center for use by employers. **E**

4.52 The grantee tailors the delivery of its services and products to meet the needs of business. **E**

Indicator 4.51 (E)

The grantee supports a business service center for use by employers.

FPO Guidance: *Observe the grantee's facilities. Interview staff who serve the employer customer.*

- Is there a business service center, resource room, or other area that provides space, equipment, and materials for employer use? Is this area used and valued by employers?

- What other special services are provided to the employer customer?

- Has the grantee developed the staffing and resource capacity to effectively deliver services to the employer?

- Are the grantee's facility and layout designed to appeal to the business customer? Do they convey the image that the grantee looks and operates like a business?

Sources and Notes:

Indicator 4.52 (E)

☐ The grantee tailors the delivery of its services and products to meet the needs of business.

FPO Guidance: *Interview staff responsible for the design and delivery of business services.*

- How has the grantee determined which services the employer customer needs and wants?

- How have the services and products of the grantee organization been changed to respond to the needs of its targeted businesses?

- How does the grantee organization market its "demand-driven" message to all its staff and contractors?

Sources and Notes:

CORE ACTIVITY 5
PERFORMANCE ACCOUNTABILITY

Core Activity 5 refers to the grantee's accountability for performance as reflected by assessment in four areas: meeting service level and expenditure goals, meeting performance outcome goals, managing subrecipient and contractor performance, and using performance data for continuous performance improvement.

CORE ACTIVITY 5 GENERAL INSTRUCTIONS

The purpose of the Core Activity 5 monitoring component is to determine whether the grantee is meeting its operating goals, such as planned service level and expenditure targets, and whether it is meeting its performance outcome goals, as well as to evaluate the grantee's system for managing performance. During this section of the monitoring, you will focus specifically on the grantee's progress to date in meeting its goals, its capacity to comply with generally accepted standards of accountability for its own activities and those of its program agents, and the grantee's use of performance data to evaluate and improve the quality of services and products delivered.

To prepare for this section of the monitoring, review the grant operated by the grantee and those of its subrecipients and contractors (if any), become knowledgeable of the grant goals and objectives, review grantee reports on services provided and performance results achieved, and compare actual results against planned levels of performance.

Summary of Findings for Core Activity 5	
Promising Practices	
Findings or High-Risk Factors	
Other Observations	

OBJECTIVE 5.1 Service Goals: Grantee is on schedule to achieve its service level (or product) goals and fully utilize available funds [29 CFR 95.21; 29 CFR 97.20; SOW].

Summary of Indicators

5.11 An implementation plan identifies project goals, activity levels, spending targets, and timeframes that are directly linked to achieving grant goals. **E**

5.12 Grant spending is occurring at a rate consistent with the amounts budgeted through the most recent quarter being reviewed. **C**

5.13 The grant is currently meeting service level (or product) goals proposed in the grant agreement. **C**

5.14 The grantee is projected to meet all service level (or product) goals and fully utilize all grant funds by the end of the grant period. **C**

Indicator 5.11 (E)
An implementation plan identifies project goals, activity levels, spending targets, and timeframes that are directly linked to achieving grant goals.
FPO Guidance: *Review a copy of the grantee's implementation plan. Compare it to the grant SOW. Interview staff responsible for administering the program of services.*

- Does the grantee have an implementation plan that guides the daily work of its staff?

- Does the plan directly link project activities to project goals and include appropriate timeframes, staff assignments and levels of effort for each major project activity?

- For a grant providing services to participants, has staff received a written formal process (e.g., a flow chart or other method) that illustrates the movement of program participants through service components that are directly related to project goals? Is the sequence of services logical?

- For a grant producing a product or providing an indirect service (such as research or capacity building), is there a plan (e.g., task plan or grant chart) of sequential activities in place that illustrates how activities are timed and coordinated to promote continuous progress toward project goals?

- Is the implementation plan used as a tool to measure planned versus actual activity as a means of tracking the progress toward goal achievement?

Sources and Notes:

Indicator 5.12 (C)
Grant spending is occurring at a rate consistent with the amounts budgeted through the most recent quarter being reviewed.

FPO Guidance:	*Compare actual expenditures at the end of the most recent quarter with the level of expenditures forecast in the budget for the same period. Also include any findings or observations that result from these calculations or are related to budget requirements in Objective 3.1 (Budget Controls) as the comparisons are a compliance requirement for the grantee.*

- Compute the variance from plan as follows: actual expenditures divided by planned expenditures, convert to a percentage and deduct 100 percent. For example: $120,000/160,000 = .75 (75%) - 100% = -25% variance. Are actual expenditures within +/-15 percent of planned levels through the most recent quarter?
- If the grant does not have quarterly expenditure goals, compute the percentage of the grant period that has elapsed (e.g., 12 months of the 24-month grant period have elapsed, yielding a completion rate of 50 percent), and compare that percentage with the percentage of total planned expenditures achieved to date (e.g., 60 percent of total funds have been spent to date, divided by 50 percent of grant period that has elapsed: 60%/50% = 1.2 (120%) - 100% = +20% variance).
- If the grant has an administrative cost limit or other cost minimums or maximums, project whether the current rate of spending will keep the grantee within those cost limits. Note any exceptions.
- If the grant has a line item budget, compare actual expenditures for each line item with the budgeted levels to determine if there are significant variances occurring. If any variance is currently or projected to be greater than +/-20 percent, determine whether a budget modification is necessary or advisable. For the personnel and fringe benefit line items, all variances that exceed the budget amount require a modification.
- If actual expenditures are significantly higher or lower than projected levels for this period, what are the causes for each variance from plan?

Sources and Notes:

Indicator 5.13 (C)
The grant is currently meeting the service (or product) goals proposed in the grant agreement.
FPO Guidance: *Examine the most recently available enrollment reports and compare the number of participants currently being served to the number of enrollments planned for this period in the grant's implementation plan. Perform the same analysis of other service goals that are identified in the grant. If the grant is producing a product rather than providing services to individuals, compare work completed to date with the product goals identified in the grant's implementation plan.*

- Compute the variance from plan as follows: actual service level divided by planned service level, convert to a percentage and deduct 100 percent (e.g., 120/160 = .75 (75%) - 100% = -25% variance).

- Are actual enrollments within +/-15 percent of planned service levels through the most recent quarter?

- If the grant only has grant-ending goals, compute the percentage of the grant period that has elapsed (e.g., 12 months of the 24-month grant period have elapsed yielding a completion rate of 50 percent), and compare that percentage with the percentage of total planned service levels achieved to date (e.g., 60 percent of total planned enrollments have been achieved to date, divided by 50 percent of grant period that has elapsed: 60%/50% = 1.2 (120%) - 100% = +20% variance).

- If achievement of service goals varies significantly from projected levels, what are the causes for such variances?

- If the grant is designed to produce a product rather than serve participants, ask similar questions in order to compare the amount of work completed to date with the product goals identified in the grant's implementation plan.

Sources and Notes:

Indicator 5.14 (C)
The grantee is projected to meet all service level (or product) goals and fully utilize all grant funds by the end of the grant period.
FPO Guidance: *Using the information already gathered on current enrollment, other service goals, and expenditure rates, make a projection of whether the grantee's service goals will be met and all available funds will be spent by the end of the grant period. If you and/or the grantee project that significant variances from the plan will remain by grant-end, determine what course of corrective action is needed to remedy the problems you have identified.*

- What does the *rate* of enrollment look like? What is the grantee's best estimate of the likely full-enrollment level?

- If current enrollments are significantly higher or lower than planned, does this imply that *total* enrollments will also be significantly higher/lower than planned at grant-end? If so, what are the budget implications of this? Does the grantee need to modify its implementation plan and/or budget due to any large variances from plan?

- Ask similar questions for other service or product goals.

- What is the expenditure rate? Does it appear that the grant funds will be fully utilized?

- If there are significant variances in expenditure patterns, what is the effect on the attainment of performance goals or service levels?

Sources and Notes:

OBJECTIVE 5.2 Performance Outcomes: Grantee is on schedule to meet or exceed the performance outcomes that are identified in the grant agreement.

Summary of Indicators

5.21 The grant is currently meeting or exceeding the performance outcomes that are identified in the grant agreement. **E**

5.22 The grantee is projected to meet all performance goals by the end of the grant period. **E**

Indicator 5.21 (E)
The grant is currently meeting or exceeding the performance outcomes that are identified in the grant agreement.
FPO Guidance: *Performance outcomes are the end results that the grant is expected to accomplish. These could include the number or percentage of persons placed into jobs, the amount or percentage of earnings gained as a result of participation in the program, the number or percentage of persons who retained their jobs for an extended period of time, the number or percentage of persons receiving a credential or diploma as a result of training, etc. Examine the grantee's most recently available performance reports and compare actual performance with planned performance from the beginning of the grant period through the most recent quarter for each type of performance outcome identified in the grant.*
For each planned performance outcome, perform the following analysis: ▪ Compute the variance of actual performance from plan as follows: actual performance results divided by planned results, convert to percentage, and deduct 100 percent (e.g., 120/160 = .75 (75%) - 100% = -25% variance). Do actual performance results meet or exceed 85 percent of the planned outcomes through the most recent quarter (e.g., the variance from plan is -15 percent or better)? ▪ If the grant has only grant-end numerical goals, compute the percentage of the grant period that has elapsed (e.g., 12 months of the 24-month grant period have elapsed, yielding a completion rate of 50 percent), and compare that percentage with the percentage of total planned performance outcomes achieved to date (e.g., 60 percent of total planned outcomes have been achieved to date, divided by 50 percent of grant period that has elapsed: 60%/50% = 1.2 (120%) - 100% = +20% variance). ▪ If actual performance is significantly higher or lower than planned levels for this period, what are the causes for each significant variance from plan? **Sources and Notes:**

Indicator 5.22 (E)
The grantee is projected to meet all performance goals by the end of the grant period.

FPO Guidance: *Using the information already gathered on current performance results, make a projection whether the grantee will achieve at least 85 percent of each performance goal by the end of the grant period. If you and/or the grantee project that significant variance from plan will remain by grant-end, determine what course of corrective action is needed to remedy the problems you have identified.*

- What do the performance trends look like? Is performance improving, staying about the same, or worsening over time?

- What is the grantee's best estimate of the final performance levels that will be achieved by grant-end? Does this estimate seem realistic given the trends to date?

- If actual performance is 85 percent or less of planned levels, which factors seem to be having the most negative impact on performance outcomes (e.g., staff, program design, operational problems, etc.)?

- Has the grantee taken any action to correct the problems contributing to low performance? Have those actions been effective in improving results?

- What other actions are needed to improve performance?

- Does the grantee need to modify its implementation plan and/or budget due to any large variances from plan?

Sources and Notes:

OBJECTIVE 5.3 Subrecipient Performance: The grantee holds subrecipients and contractors accountable for achieving their performance goals.

Summary of Indicators

5.31 Subrecipient and contract agreements contain clear, specific, and measurable performance goals. **E**

5.32 Grantee holds subrecipients accountable for actual versus planned accomplishments related to performance goals. **E**

Indicator 5.31 (E)
Subrecipient and contract agreements contain clear, specific, and measurable performance goals.
FPO Guidance: *If the grantee has entered into subrecipient and/or contracts with outside organizations to perform some of the grant work, determine whether those agreements contain clear, specific, and measurable performance goals that can be tracked and evaluated during the period of the agreements.*

- Review a sample of subrecipients and contracts and interview grantee staff responsible for the performance of these service providers.

- Do these agreements contain specific and measurable performance goals that are quantified?

- Do these goals measure all of the primary activities and end-results to be accomplished consistent with the SOW? If not, how does the grantee hold them accountable for these other activities?

- Are the performance goals broken out into shorter increments of time, such as quarterly? If not, how does the grantee measure performance during the course of the agreement?

- Do the agreements contain any provisions requiring corrective action when performance goals are not being met? If not, how does the grantee enforce the performance terms of the agreement?

Sources and Notes:

Indicator 5.32 (E)
Grantee holds subrecipients accountable for actual versus planned accomplishments related to performance goals.
FPO Guidance: *If the grantee has contracted with subrecipients or contractors to perform some of the grant work, determine how the grantee reviews their reports, monitors their performance, and follows up on performance problems.*

- Do the reports reflect the progress of subrecipients toward fulfilling goals and objectives outlined by the grantee?

- Is a procedure in place for the grantee to evaluate the reports?

- If so, has the procedure been followed?

- Are procedures in place to address reports that indicate performance below requirements?

- Do these procedures lead to a determination of causes for poor performance?

- Who initiates action when the reports suggest that corrective measures or technical assistance are required?

Sources and Notes:

OBJECTIVE 5.4 Performance Data: Grantee uses performance data to improve project implementation.

Summary of Indicators

5.41 Grantee uses relevant and objective data to assess the quality of service/product delivery. **E**

5.42 Findings from the periodic reviews are communicated back to relevant staff and subrecipients to inform them of probable causes of high or low performance. **E**

5.43 Grantee uses information from these regular reviews to make adjustments to program operations. **E**

5.44 Grantee provides technical assistance to program operators (staff and subrecipients) when findings from review of performance-related data indicate that performance is below plan. **E**

5.45 Performance information, presented in a user-friendly format, is provided to oversight boards, other relevant stakeholders, and to the general public to guide decision-making. **E**

Indicator 5.41 (E)
Grantee uses relevant and objective data to assess the quality of service/product delivery.
FPO Guidance: *If a formal analysis process is in place, request and review a written description of the steps followed in the process and copies of analyses for the period being examined. If no written process, summarize the standard operating procedure (SOP). Request and review copies of information used to create data for quality assessment.*

- Does the process as described identify logical links between SOW activities and the measures of program performance?

- How are "high" and "low" defined?

- Do they follow the formal analysis process or SOP? Look for consistency in the review process.

- When high or low performance is identified, what actions are undertaken to discover the causes?

- Are project managers consulted about high or low performance and the causes that produced them?

- Is the information provided quantifiable or easily reduced to data for comparative purposes?

- Are all staff, subrecipients, and contractors working on similar projects held to similar standards and required to undergo similar assessment?

- Do the data generated allow the grantee to make an objective assessment of the quality and effectiveness of methods used to provide services and products?

Sources and Notes:

Indicator 5.42 (E)
Findings from the periodic reviews are communicated back to relevant staff and subrecipients to inform them of probable causes of high or low performance.
FPO Guidance: *Request and review copies of formal procedures for notification of relevant staff and subrecipients about possible causes of high or low performance. Additionally, request and review examples of written notification.*

- Do any existing formal procedures apply to notification of high or low performance and its suspected causes?

- Are relevant staff and subrecipients consulted in a timely fashion when they report high or low performance results?

- How are they notified?

- As part of the notification, are suggestions made about the probable causes for unexpected performance?

- When unexpected performance levels occur, are they asked what they believe the causes are?

Sources and Notes:

Indicator 5.43 (E)
Grantee uses information from these regular reviews to make adjustments to program operations.
FPO Guidance: *Request and review copies of communication regarding low or high performance results. Interview staff responsible for taking action on low or high performance results.*

- Do the communications indicate that goals and/or objectives for the next reporting period were altered?

- Do the communications indicate that staffing patterns were altered?

- Do the communications indicate that the allocation of other resources was altered?

- Did the responsible staff alter goals and objectives for the next reporting period?

Sources and Notes:

Indicator 5.44 (E)
Grantee provides technical assistance to program operators (staff and subrecipients) when findings from review of performance-related data indicate that performance is below plan.
FPO Guidance: *Review performance data for performance that is below plan. Contact program managers whose performance is below plan.*

- Was technical assistance offered to them?

- Was technical assistance accepted?

- Were the recommended changes provided through the technical assistance implemented?

- Did the technical assistance result in subsequent performance improvement?

Sources and Notes:

Indicator 5.45 (E)
Performance information, presented in a user-friendly format, is provided to oversight boards, other relevant stakeholders, and to the general public to guide decision-making.
FPO Guidance: *Review copies of reports made to oversight boards and other interested groups such as local and state government offices. Review the distribution list for each report.*

- Are the reports constructed in an easy-to-read, direct manner?

- Does the distribution list appear to represent most of the interested parties?

- Are copies of the report available to the general public upon request?

- Was the information in the report presented in an understandable way?

Sources and Notes:

CROSS REFERENCE OF ADMINISTRATIVE REQUIREMENTS

Requirement	Governmental Organizations	Nonprofit Organizations	Institutions of Higher Education	Commercial Organizations
Audit	29 CFR Part 99	29 CFR Part 99	29 CFR Part 99	29 CFR Part 96
Audit Resolution	29 CFR Part 96	29 CFR Part 96	29 CFR Part 96	29 CFR Part 96
Basic Principles for Allowable Costs	A-87 Attachment A	A-122 Attachment A	A-21 Section C	48 CFR 31.201 through 204
Treatment of Selected Items of Cost	A-87 Attachment B	A-122 Attachment B	A-21 Section J	48 CFR 31.205
Uniform Administrative Requirements	29 CFR Part 97	29 CFR Part 95	29 CFR Part 95	29 CFR Part 95 (grants only)
Lobbying Restrictions	29 CFR Part 93	29 CFR Part 93	29 CFR Part 93	29 CFR Part 93
Suspension and Debarment	29 CFR Part 98 Subparts A-E	29 CFR Part 98 Subparts A-E	29 CFR Part 98 Subparts A-E	29 CFR Part 98 Subparts A-E
Drug-Free Workplace	29 CFR Part 98 Subpart F	29 CFR Part 98 Subpart F	29 CFR Part 98 Subpart F	29 CFR Part 98 Subpart F
Non-Discrimination (Civil Rights)	29 CFR Part 31	29 CFR Part 31	29 CFR Part 31	29 CFR Part 31
Non-Discrimination (Basis of Handicap)	29 CFR Part 32	29 CFR Part 32	29 CFR Part 32	29 CFR Part 32
Age Discrimination of 1975	29 CFR Part 35	29 CFR Part 35	29 CFR Part 35	29 CFR Part 35
EO Requirements (WIA only)	29 CFR Part 37	29 CFR Part 37	29 CFR Part 37	29 CFR Part 37
Title IX – Education Amendments Act of 1972	49 CFR Part 25	49 CFR Part 25	49 CFR Part 25	49 CFR Part 25

Note: Additional requirements may be contained in program regulations related to ETA-funded grant programs.

Electronic versions of the requirements may be downloaded from:

DOL Regulations (29 CFR): **http://www.dol.gov/dol/allcfr/Title_29/toc.htm**
OMB Circulars: **http://www.whitehouse.gov/omb/circulars/**
CFRs: **http://www.gpoaccess.gov/nara/index.html**

SELECTED DEFINITIONS AND ACRONYMS

Accrued expenditures. The charges incurred by the grantee during a given period requiring the provision of funds for (1) goods and other tangible property received; (2) services performed by employees, contractors, subgrantees, subcontractors, and other payees; and (3) other amounts becoming owed (<u>by the grantee</u>) under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments. [29 CFR 95.2] [29 CFR 97.3]

Accrued income. Sum of: (1) earnings during a given period from (i) services performed by the recipient, and (ii) goods and other tangible property delivered to purchasers; and (2) amounts becoming owed to the recipient for which no current services or performance is required by the recipient. [29 CFR 95.2] [29 CFR 97.3]

Acquisition cost of equipment. The net invoice price of the equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges, such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the recipient's regular accounting practices. [29 CFR 95.2] [29 CFR 97.3]

Advance. A payment made by Treasury check or other appropriate payment mechanism to a recipient upon its request either before outlays are made by the recipient or through the use of predetermined payment schedules. [29 CFR 95.2]

Administrative requirements. Those matters common to grants in general, such as financial management, types and frequency of reports, and retention of records. These are distinguished from *programmatic* requirements, which concern matters that can be treated only on a program-by-program or grant-by-grant basis, such as kinds of activities that can be supported by grants under a particular program. These are the uniform administrative requirements codified at OMB Circular A-102 and A-110. OMB Circular A-102 is also referred to as the common rule. [29 CFR 97.3]

Approval or authorization of the awarding or cognizant Federal agency. Documentation evidencing consent prior to incurring a specific cost. If such costs are specifically identified in a Federal award document, approval of the document constitutes approval of the costs. If the costs are covered by a state/local cost allocation plan or an indirect cost proposal, approval of the plan constitutes the approval. [OMB Circular A-87]

Award. Financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property in lieu of money, by the DOL to an eligible recipient. The term does not include technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; or contracts that are required to be entered into and administered under procurement laws and regulations. [29 CFR 95.2]

Calendar Year. The period between January 1 and December 31 of any year. For example, calendar year 2001 is January 1, 2001, through December 31, 2001.

Cash contributions. A recipient's cash outlay, including the outlay of money contributed to the recipient by third parties. [29 CFR 95.2] [29 CFR 97.3]

Catalog of Federal Domestic Assistance (CFDA). An online database of all Federal programs available to state and local governments, federally-recognized Indian tribal governments, territories and possessions of the United States, domestic public, quasi-public, and private profit and nonprofit organizations and institutions, specialized groups, and individuals.

CFDA Number. The identifying number a Federal program is assigned in the CFDA. [29 CFR 99.105]

Closeout. Process by which the awarding agency determines that all applicable administrative actions and all required work of the award have been completed by the recipient and the awarding agency. [29 CFR 95.2] [29 CFR 97.3]

Common Rule. The *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments; Final Rule*, originally issued at 53 FR 8034-8103 (March 11, 1988). Other common rules will be referred to by their specific titles. [OMB Circular A-87]

Contract. A procurement contract under an award or subaward, and a procurement subcontract under a recipient's or subrecipient's contract. [29 CFR 95.2] [29 CFR 97.3]

Cooperative agreement. An award of financial assistance that is used to enter into the same kind of relationship as a grant; and is distinguished from a grant in that it provides for substantial involvement between the Federal agency and the recipient in carrying out the activity contemplated by the award.

Cost. An amount as determined on cash, accrual, or other basis acceptable to the Federal awarding or cognizant agency. It does not include transfers to a general or similar fund. [OMB Circular A-87]

Cost sharing or Matching. The portion of project or program costs not borne by the Federal Government. [29 CFR 95.2] [29 CFR 97.3]

Data Universal Numbering System (DUNS). A unique nine character identification number provided by the commercial company Dun & Bradstreet (D&B).

Date of completion. The date on which all work under an award is completed or the date on the award document, or any supplement or amendment thereto, on which awarding agency sponsorship ends. [29 CFR 95.2]

Disallowed costs. Charges to an award that the awarding agency determines to be unallowable, in accordance with the applicable Federal cost principles or other terms and conditions contained in the award. [29 CFR 95.2]

Discretionary award. A grant or cooperative agreement for which the Federal awarding agency generally may select the recipient among all eligible recipients, may decide to make or not make an award based on the programmatic, technical, or scientific content of an application, and can decide the amount of funding to be awarded.

Equipment. Equipment is defined as tangible, nonexpendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit, including all costs related to the property's final intended use. See Acquisition Cost of Equipment. Grantees may use their own definition of "equipment" provided it meets these minimum standards. [29 CFR 95.2] [29 CFR 97.3]

Federal financial assistance. Assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements,

interest, subsidies, insurance, food commodities, direct appropriations, and other assistance but does not include amounts received as reimbursement for services rendered to individuals described in 29 CFR 99.205 (h) and (i). [29 CFR 99.105]

Federal Fiscal Year (FY). The period between October 1 of a calendar year and September 30 of the following calendar year, with the subsequent year as the FY designator. For example, Fiscal Year 2002 or FY 2002 is the period between October 1, 2001, and September 30, 2002.

Funding period. The period of time when Federal funding is available for obligation by the recipient. [29 CFR 95.2]

GAAP. Generally Accepted Accounting Principles. Accounting rules and procedures established by authoritative bodies or conventions that have evolved through custom and common usage. [OMB Circular A-133] Issued by the American Institute of Certified Public Accountants (AICPA). [29 CFR 99.105]

Government. A state, local, or a federally recognized Indian tribal government. [29 CFR 97.3]

Grant. An award of financial assistance the principle purpose of which is to transfer a thing of value from a Federal agency to a recipient to carry out a public purpose of support or stimulation authorized by a law of the United States. A grant is distinguished from a contract, which is used to acquire property or services for the Federal government's direct benefit or use. [29 CFR 97.3]

Internal control pertaining to the compliance requirements for Federal programs (internal control over Federal programs). A process, affected by an entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of the following objectives for Federal programs. (1) Transactions are properly recorded and accounted for to (a) permit the preparation of reliable financial statements and Federal reports; (b) maintain accountability over assets; and (c) demonstrate compliance with laws, regulations, and other compliance requirements. (2) Transactions are executed in compliance with (a) laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on a Federal program; and (b) any other laws and regulations that are identified in the compliance supplement. (3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition. [29 CFR 99.105]

Local government. A local unit of government, including specifically a county, municipality, city, town, township, local public authority, school district, special district, intra-state district, council of governments (whether or not incorporated as nonprofit corporation under state law), any other regional or interstate entity, or any agency or instrumentality of local government. [29 CFR 97.3]

Mandatory award. A grant or cooperative agreement awarded under a program where the authorizing statute requires the head of the agency or designee to make an award to each eligible under the conditions and in the amount (or based on a formula) specified in the statute.

Obligations. The amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period. [29 CFR 95.2] [29 CFR 97.3]

Organization. A company, state, local, or tribal government, academia or research institution, not-for-profit entity, or any other type of institution.

Outlays (expenditures). Charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursement for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the amount of cash advances and payments made to contractors and subgrantees. For reports prepared on an accrued expenditure basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase (or decrease) in the amounts owed by the grantee for goods and other property received, for services performed by employees, contractors, subgrantees, subcontractors, and other payees, and other amounts becoming owed under programs for which no current services or performance are required, such as annuities, insurance claims, and other benefit payments. [29 CFR 95.2] [29 CFR 97.3] **NOTE: ETA requires outlays (expenditures) to be reported on an accrual basis.**

Pass-through entity. A non-Federal entity that provides a Federal award to a subrecipient to carry out a Federal program. [29 CFR 99.105]

Personal property. Property of any kind except real property. It may be tangible, having physical existence, or intangible, having no physical existence, such as copyrights, patents, or securities. [29 CFR 95.2]

Prior approval. Written approval by an authorized agency official evidencing prior consent. [29 CFR 95.2] [29 CFR 97.3]

Program. A coordinated set of services to individuals.

Program income. Program income is income received by a recipient that was directly generated by a grant supported activity, or earned only as a result of the grant agreement *during the grant period*. It includes fees for services performed, income from the use or rental of personal property acquired with grant funds, income from the sale of items fabricated under the grant, interest income for WIA Title I programs only, and revenues in excess of expenditures for governmental and nonprofit agencies. *Program income does not include* refunds, rebates, credits, or discounts, proceeds from the sale of personal property, income from royalties and license fees for copyrights, patents, and inventions, unless such income is specifically identified in the grant agreement as program income. Program income also *does not include* income earned after the grant period has ended, contributions and donations, profits of commercial organizations, and funds used as a match. [29 CFR 95.2]

Program Year (PY). The period between July 1 of a calendar year and June 30 of the following calendar year. The PY designator is the year the period begins. For example, Program Year 2001 or PY 2001 is the period between July 1, 2001, and June 30, 2002.

Project. All activities incorporated in a grant statement of work (SOW), which may include a program as well as the administrative and accountability elements as defined in the SOW.

Project costs. All allowable costs, as set forth in the applicable Federal cost principles, incurred by a recipient and the value of the contributions made by third parties in accomplishing the objectives of the award during the **project period**. [29 CFR 95.2]

Project period. The period established in the award document during which awarding agency sponsorship begins and ends. [29 CFR 95.2]

Questioned cost. A cost that is questioned by the auditor because of an audit finding: (1) which resulted from a possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or

other agreement or document governing the use of Federal funds, including funds used to match Federal funds; (2) where the costs, at the time of the audit, are not supported by adequate documentation; or (3) where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances. [29 CFR 99.105]

Real property. Land, including land improvements, structures and appurtenances thereto, but excludes movable machinery and equipment. [29 CFR 95.2] [29 CFR 97.3]

Recipient. A non-Federal entity that expends Federal awards received directly from a Federal awarding agency to carry out a Federal program. [29 CFR 99.105]

Single audit. An audit which includes both the entity's financial statements and the Federal awards as described in 29 CFR 99.500. [29 CFR 99.105]

State. Any of several states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a state exclusive of local governments. [29 CFR 97.3]

Subaward (Subgrant). An award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services nor does it include any form of assistance which is excluded from the definition of "award." [29 CFR 95.2] [29 CFR 97.3]

Subrecipient. A non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. Guidance on distinguishing between a subrecipient and a vendor is provided in 29 CFR 99.210. [29 CFR 99.105]

Supplies. All tangible personal property, equipment. Title to supplies, or other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program. [29 CFR 95.2] [29 CFR 97.3]

Suspension. A post-award action by the awarding agency that temporarily withdraws the agency's financial assistance sponsorship under an award, pending corrective action by the recipient or pending a decision to terminate the award. [29 CFR 95.2] [29 CFR 97.3]

Termination. The cancellation of awarding agency sponsorship, in whole or in part, under an agreement at any time prior to the date of completion. [29 CFR 95.2] [29 CFR 97.3]

Third-party in-kind contributions. The value of non-cash contributions provided by non-Federal third parties. Third-party in-kind contributions may be in the form of real property, equipment, supplies, or other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program. [29 CFR 95.2] [29 CFR 97.3]

Unliquidated obligations. For reports prepared on a cash basis, the amount of obligations incurred by the grantee that has not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the grantee for which an outlay has not been recorded. [29 CFR 95.2] [29 CFR 97.3]

Unobligated balance. The portion of the funds authorized by the Federal agency that has not been obligated by the grantee and is determined by deducting the cumulative obligations from the cumulative funds authorized. [29 CFR 95.2] [29 CFR 97.3]

Vendor. A dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a Federal program. These goods and services may be for an organization's own use or for the use of beneficiaries of the Federal program. Additional guidance on distinguishing between a subrecipient and a vendor is provided in 29 CFR 99.210. [29 CFR 99.105]

Acronyms

DOL	Department of Labor
ETA	Employment and Training Administration
EDP	Employment Development Plan
EO	Equal Opportunity
FPO	Federal Project Officer
GEMS	Grants e-Management System
LMI	Labor Market Information
LWIB	Local Workforce Investment Board
MIS	Management Information System
MOU	Memorandum of Understanding
OMB	Office of Management and Budget
QFSR	Quarterly Financial Status Report
SOW	Statement of Work

SUMMARY OF COST ITEMS

KEY

NT   =   Not treated in circular
A   =   Allowable
AC   =   Allowable with conditions
AP   =   Allowable with prior approval of either the Grant Officer or Governor
U   =   Unallowable
A/U   =   Some categories within the particular activity are allowable, while some are not. Please consult respective circular for precise explanations.

Note: Some of the costs on this chart are allowable under the circulars and prohibited under the Workforce Investment Act or other program-specific regulations. You should refer to the program-specific regulations if you have any questions on allowability of a particular cost. This chart is for reference only.

In addition, when reviewing the provisions related to selected items of cost in the OMB circulars, the cost principles applied in establishing the allowability of certain items of cost apply whether the cost is treated as a direct or indirect cost. Failure to address a particular item of cost is not intended to imply that it is unallowable. Rather, the determination of allowability in each case should be based on the treatment or principles provided for similar or related costs. Note also that, in some instances, different cost items may be similarly named, and there may be some overlap in the cost items treated by the different circulars. Again, this chart is for reference only.

	Cost Item	Circular A-21	Circular A-122	Circular A-87	48 CFR Part 31
1	Advertising/public relations	AC/U	AC/U	AC/U	AC
2	Advisory councils	A	A	A	NT
3	Alcoholic beverages	U	U	U	U
4	Alumni/ae activities	U	NT	NT	NT
5	Asset valuations resulting from business combinations	NT	NT	NT	A
6	Audit services	A	A	A	NT
7	Bad debts	U	U	U	U
8	Bonding costs	A/AC	A/AC	A/AC	A/U
9	Commencement and convocation costs	U	NT	NT	NT
10	Communication costs	A	A	A	NT
11	Compensation for personal services	A/U	A/U	AC/U	A/U
12	Contingency provisions	U	U	U	A/U

	Cost Item	Circular A-21	Circular A-122	Circular A-87	48 CFR Part 31
13	Deans of faculty and graduate schools	A	NT	NT	NT
14	Defense and prosecution of criminal and civil proceedings, claims, appeals, and patent infringement	AC/U	AC/U	A/U	U
15	Deferred research and development costs	NT	NT	NT	AC/U
16	Depreciation and use allowances	AC	AC	AC	AC
17	Donations and contributions	U	U	U	U
18	Economic planning costs	NT	NT	NT	A/U
19	Employee morale, health, and welfare costs and credits	A/AC	A	A	A/U
20	Entertainment costs	U	U	U	U
21	Equipment and other capital expenditures	AP/U	AP/U	AP/U	AP
22	Fines and penalties	AP/AC/U	AP/AC/U	AP/AC/U	AC/U
23	Fund-raising and investment management costs	U/A	U	U	U
24	Gains and losses on depreciable assets (See Item 72)	AC	AC	AC	A
25	General government expenses	NT	NT	U	NT
26	Goods/services for personal use	U	U	U	NT
27	Goodwill	NT	NT	NT	U
28	Housing and personal living expenses	U	AP/U	NT	NT
29	Idle facilities and capacity	AC/U	AC/U	AC/U	AC/U
30	Independent research and development	NT	NT	NT	AC
31	Insurance and indemnification	AC/U	AC/U	AC/U	A
32	Interest	A/AC/U	A/AC/U	A/AC/U	U
33	Labor relations costs	A	A	NT	AC/U
34	Lobbying (including Executive Lobbying)	U	U	U	U
35	Losses on other sponsored agreements/contracts	U	U	U	U
36	Maintenance and repair costs	A	A	AC	A
37	Manufacturing and repair costs	NT	NT	NT	A
38	Manufacturing and product engineering costs	NT	NT	NT	A

	Cost Item	Circular A-21	Circular A-122	Circular A-87	48 CFR Part 31
39	Material costs	A	A	A	A
40	Meetings and conferences	A	A	A	See Item 2
41	Memberships, subscriptions, and professional activity costs	A/U	A/AP/U	A/AP/U	NT
42	Organization costs	NT	U/AP	NT	U
43	Other business expense	NT	NT	NT	A
44	Overtime, extra-pay shift, and multi-shift premiums	NT	AP	NT	See Item 14
45	Page charges in professional journals	A	A	AC	NT
46	Participant support costs	NT	AP	NT	NT
47	Patent costs	A/U	A/U	A/U	A/U
48	Plant and homeland security costs	A	A	A	A
49	Pre-award/Pre-agreement	U/AP	AC/AP	AC/AP	AC
50	Professional services costs	AC	AC	AC	A
51	Proposal costs	AC	NT	A	AP
52	Publication and printing costs	A	A	A	NT
53	Rearrangement and alteration costs	A	A	A	NT
54	Reconversion costs	A	A	A	AC/U
55	Recruiting costs	A	A	A	A
56	Relocation costs	NT	AC	NT	A/U
57	Rental costs of buildings and equipment	AC	AC	AC	AC
58	Royalties and other costs for use of patents	AC	AC	AC	A
59	Scholarships and student aid costs	A	NT	NT	NT
60	Selling and marketing	AC/U	U	U	A/U
61	Service and warranty costs	NT	NT	NT	A
62	Severance pay	NT	AC/U	AC	AC
63	Special tooling and special test equipment costs	NT	NT	NT	A
64	Specialized service facilities	AC	AC	NT	NT
65	Student activity costs	U	NT	NT	NT
66	Substantial relocation of Federal programs (Related to gains and losses in A-87)	NT	NT	AC	See Item 22
67	Taxes	AC	AC	AC	AC
68	Termination costs	AC	AC	AC	A/U

	Cost Item	Circular A-21	Circular A-122	Circular A-87	48 CFR Part 31
69	Training and education costs	A	AC/AP/U	A	AC
70	Transportation	A	A	NT	AC
71	Travel costs	AC	AC	AC	AC
72	Trustees	AC	AC	NT	NT
73	Under recovery of costs under Federal agreements	NT	NT	NT	U

Source: Attachment II-4-1, One-Stop Comprehensive Financial Management TAG, Revised July, 2004.