

**Financial Policies for the
Northeast Ohio Consortium Council of Governments
Workforce Innovation and Opportunity Act Policy D-02**

I. Purpose.

To establish policies regarding the maintenance of fiscal records and double Accounting System of Record, and the preparation, review, and approval of financial documents summarizing the financial status of the workforce Area's various WIA/WIOA accounts for the benefit of the administrators of Workforce Area, the One-Stop operators, and the Boards governing the operation of the Workforce Area.

II. Background

Adherence to federal and state WIA and WIOA laws, regulations and policies, and principles of sound financial management, dictate that the following policies be adhered to.

III. Policies.

A. Policy Regarding the Maintenance of the Workforce Area's Financial Records, Including the Accounting System of Record.

1. Timely Submission of Financial Information to ODJFS.

By or before the date (the 18th of the following month) established by the WIA/WIOA grant provider (currently ODJFS), the Area will submit all information required by ODJFS at the close of each, month, quarter, and year. This will include at a minimum, an accurate reporting of all expenditures, accrued expenditures, and obligations.

2. Reconciliation of Expenses, Accrued Expenditures, and Obligations with ODJFS' Accounting System of Record.

By or before the date on which ODJFS closes each fiscal quarter (at a date designated by ODJFS usually between the 23rd and the 28th day of the month following the close of the quarter), Area staff will reconcile all of the expenditures, accrued expenditures, obligations, and other pertinent financial documentation provided within its accounting system of record with those entered into ODJFS' accounting system of record. Before the close of the quarter, Area staff will make any and all adjusting entries required to reconcile the two different accounting systems.

3. Maintenance of an Area Accounting System of Record.

The staff of the Area will at all times maintain both electronically, and in hard-copy backup documentation, pursuant to generally accepted accounting principals, an accounting system of record that tracks for the workforce Area, and for each County within that Area where applicable, the income, expenses, accrued expenses and obligations for each WIA/WIOA grant account, and for the One Stop Memorandum of Understanding Resource Sharing Account.

Included in this accounting system of record will be Statement of Available Budget in which the income, and expenditures for each Area Grant, broken down by each sub-recipient within the Area, shall be accounted for. At or prior to each meeting, the Area staff will provide to each CDJFS Fiscal Officer, a copy of the statement of available budget pertaining to each grant that pertains to each Area County. The Area's Fiscal Officer and CDJFS Fiscal Officer will jointly agree and approve the report. The financial reports will be presented to the governing Boards of the Area quarterly for their approval once approved in State auditing system (CFIS web).

4. *Adjustment of Area's Financial Statements and Accounting System of Record.*

In the thirty (30) days following the close of each completed quarter, Area staff will reconcile the amounts of income shown within the Area statement of available budget and the Area Financial Summary Report with the amounts of money that are available to draw within ODJFS' accounting system of record and the cash that the Area has on hand. Should any adjusting entries need to be made to Area accounting system of record because funds cannot be accounted for, this will be brought to the attention of the Boards that govern Area at the next scheduled Board meeting. Adjustments to approved statement of available budget will then be made following the provision of authority by the Board to do the same.

5. *Maintenance of Checking Accounts, and Payment of Expenses/Invoices.*

County

In order to receive allocated funding, each CDJFS must enter a request for provision of funding into CFIS before the end of the draw date listed in the calendar provided yearly. The Area staff may process a draw request shortly after the deadline if approved.

In order for the Area staff to approve each CDJFS' draw, each CDJFS needs to submit documentation that itemizes by grant type the amount requested by or before the deadline. A copy of all invoices are also required. The Area will combine each sub-recipient request into an area wide draw and upload into state system.

Each Sub-recipient may only make a draw for expenditures they have invoice in hand. Amount drawn must equal amount expensed each month. No CDJFS may make a draw request and receive money in advance or in anticipation of expenses that have not yet been incurred.

The Area requires that all monies drawn to be paid to a sub-recipient or vendor in a particular month, be issued to that sub-recipient or vendor within the same month.

It shall be the responsibility of each CDJFS to notify the Area within (8) days following the conclusion of the preceding month if the total expenses paid during the preceding month varied from the total amount drawn.

In July of each year a schedule will be distributed to each sub-recipient for the dates a draw may be requested. All draws are uploaded on Fridays into CFIS. The information must be entered into CFIS no later than close of business on Thursday. All documentation must also be at the Area office by the end of business on Thursday to proceed with approval of draw.

Area

Area staff will at all times create and maintain checking accounts with institutions that have a branch located within fifteen miles of Chardon, Ohio. Area staff may open and maintain as many checking accounts that the governing Boards authorize. At a minimum, Area staff will maintain at least two checking accounts, for its general purposes, and a separate checking account referred to as the One-Stop Resource Sharing Account. The One-Stop Resource Sharing Account will be used exclusively as the account where all income collected from One-Stop partners is kept and maintained, and the account from which all payments to the One-Stop Operators is paid.

All checking accounts shall be insured or otherwise secured. The only individuals that have the authority to sign checks are the Board Members of the Area that have been appointed by the governing Boards for the Area, and which have a signatory card on record with the financial institution. At all times, Area staff will seek to keep within those accounts only those amounts which it anticipates it will need within the next ten (10) to thirty (30) days to pay either expenses for which invoices are in hand, and/or anticipated invoices/expenses.

Except where goods or services cannot be purchased by check, the Area will pay all invoices/expenses for goods or services through the issuance of a negotiable instrument (check) from one of its checking accounts. Where payment cannot be made by check, the purchase shall be made by an Area employee paying for the same with cash or via a personal credit card. Area staff will seek to reimburse the Area employee as quickly as possible.

No negotiable instrument shall be issued unless and until the following procedures are followed:

- a. Every invoice received by the Area shall be stamped with a received date by the Area Administrative Assistant, logged into the Area's invoice tracking documentation, and then forwarded to the Area Fiscal Officer.
- b. The Area Fiscal Officer shall review each invoice to make sure of the following:
 - i. The invoice is for an expense that is justified, there is a contractual duty to pay, and the amount sought is due and owing or will be due and owing at a date in the future.
 - ii. The duty to pay the invoice is either apparent on the face of the document or apparent based upon records within the Area's possession. Where the invoice is for an invoice/expense owed to a third-party for goods or services procured by a One-Stop operator, and payment of the invoice/expense has been approved through the signature of someone authorized by the One-Stop to approve the payment of expense, the duty to pay the duty to pay may be ascertained through the signature of the same. At no time is it incumbent upon the Area staff to ascertain the WIA eligibility of a customer when the payment is being made to or on behalf of a One-Stop customer.
- c. The Area Fiscal Officer shall determine that there is either sufficient funds with the necessary banking account to pay the invoices, and/or make arrangement to secure the necessary funding.
- d. The Area Fiscal Officer shall prepare negotiable instruments for each of the invoices/expenses that meet the criteria identified above and stamp the date on which the invoices have been authorized and the checks have been prepared (this shall be the paid date).

- e. The Area Fiscal Officer shall place the negotiable instrument along with the invoice and supporting documentation for the same before the Executive Director who shall review each invoice to ensure that the criteria listed in Section b i.-ii. Of this policy has been satisfied.
- f. The Area Executive Director shall stamp, sign and date each invoice designating that s/he has approved the same for payment.
- g. Following the Executive Director's approval, the negotiable instruments along with the invoice and supporting documentation will be presented to one of the Area Board members that have authority to execute negotiable instrument, and s/he will execute the same.
- h. The signed negotiable instruments will then be returned to the Fiscal Officer who shall again confirm that there is funding available to cover all negotiable instruments drafted and signed.
- i. The negotiable instruments will then be delivered/mailed.

All checking account statements will be reconciled by Area staff within thirty (30) days from the receipt of the account statement. Should any account not be able to be reconciled after first contacting the banking institution, this fact shall be brought to the attention of the Executive Director, and the Area President as soon as the attempt to reconcile the account has failed. If not resolved prior to the next Board meeting, the Board shall be notified of the failure to reconcile the account.

6. Requesting Direct Deposits from the State/ The Making of Deposits.

When the amount of invoices/expenses presented to the Area for payment requires that additional funding be drawn down from ODJFS and deposited into an Area checking account, the following procedure:

- a. The Area staff will generally seek to only draw down from ODJFS the amounts it needs to pay invoices that it has received and is preparing to pay.
- b. The Fiscal Officer will prepare a document showing the amount s/he would like to draw down from ODJFS, along with the draws from other sub-recipients.
- c. This document will be presented to the Executive Director, who will review the form for approval.
- d. The Fiscal Officer shall then make into ODJFS' system a draw request for the amounts from each grant as indicated on the form. Once the grant request is made, the Fiscal Officer shall confirm the receipt of the grant request by ODJFS, and print out documentation demonstrating the amounts drawn for each subrecipient.
- e. Both the Fiscal Officer and the Executive Director shall then sign and date this form, and it will be kept for Area Records.

Within three (3) business days of the anticipated receipt of a draw, Area staff shall confirm from the banking institution of the deposit of the anticipated amount.

In the rare instance in which Area staff are presented with cash or a negotiable instrument, staff will deposit the same within (24) twenty-four hours of its receipt.

7. Receipt and Transfer WIA Funds

Once process of draw request is uploaded, typically we will receive the money in g account the

following Friday. The only time that the Area does not receive money in its account by Friday, is a holiday. When that occurs we will receive the money on the following Monday.

The Area will schedule the clearing house transfer to occur on the day that the money is received by ODJFS. A County Commissioner will approve this transfer with in the bank system. It is estimated that in most instances the money will transfer on the following business day.

8. *Petty Cash.*

The Area shall not maintain a petty cash account.

9. *Maintenance and Reconciliation of the One-Stop Resource Sharing Account.*

Area staff shall be responsible for maintaining the One Stop Resource Sharing Account for the One-Stops within the Area, in accordance with the terms of the Memorandum of Understanding (“MOU”) and Worksheet B (“Budget for operating each One-Stop”). Area staff will quarterly invoice or draw-down, for each One-Stop partner the agreed-upon budgeted costs for their partnership at the One-Stop, the amount owed no later than forty-five (45) days of the start of each quarter. All One-Stop partners are expected to pay their invoiced share within forty-five (45) days of receiving their invoice.

One Stop Operators may submit their invoice for their One-Stop operating costs, at any time following the close of each quarter. Each One-Stop operator will be paid the lower of the following amounts upon presentation of its invoice to the Area

- a. the amount collected from all partners and owed to the One-Stop operator pursuant to the MOU and Worksheet B;
- b. the actual costs invoiced and experienced by the One-Stop operator.

Each One-Stop operator will pay within thirty (30) days of the date its invoice is received. If a partner has not paid their share before the close of the quarter, and that amount is needed to make the One-Stop operator whole on their invoice, the Area staff will pay the maximum amount it can to the One-Stop operator. In no instance however, will the Area staff pay or advance any amount yet to be collected from a One-Stop partner to the One-Stop operator. Only once the amount due and owing has been collected, will that amount then be paid to the One-Stop operator.

Once a year, following the payment of all fourth quarter One-Stop Operator invoices, Area Staff will reconcile the One Stop Resource Sharing Account.

10. *Payroll.*

The issuance of paychecks is governed by a separate The Area policy.

11. *Generally Accepted Accounting Principal (“GAPP”) Conversion.*

At the conclusion of every fiscal year, Area staff, either with or without the assistance of a third party accounting entity, will perform a GAPP conversion of Area’s accounting system of record. This conversion, along with all other required year-end financial documents will be in turn submitted to

Ohio State Auditor's Office.

12. Assistance to the State Auditor's Office.

During its annual audit by the State Auditor's Office, the Area staff will provide all assistance requested by those auditors in order to reach a rapid, timely conclusion of the audit of its books.

At the close of the audit, Area staff will request an exit conference, to which it will invite the Area Board members. Any and all findings will be referred to the Board in order to direct the Executive Director to take further action.

B. Policy Regarding the Preparation, Review, and Approval of Financial Documents.

1. *Provision of the expense journal each month to each One-Stop Operator.*

Documentation for every draw must be submitted to Fiscal Officer prior to draw. The draw amount must equal the expenses reported for the month.

2. *Collection from Contractors a Summary of Financial Data.*

On the 12th of the month, the Fiscal Officer of Area shall collect from each party that contracts with the Area, a report of those costs that the contractor has incurred as of the last day of the previous month but not yet been compensated, including those that have yet to be billed. This figure will be used in ascertaining the outstanding accrued expenditures of each Area sub-grantee or contractor in order to report the same to ODJFS.

3. *Generation of the Accrued Expenditure and Obligation Report.*

Each month the sub-recipients must enter their expenditures and obligations into the ODJFS accounting system by 16th day of the following month, accrued expenditures and obligations.

4. *Generation of the Area Financial Summary Report.*

Between the 18th and last day of each month, the Area staff will prepare statement of available budget for the previous month for the benefit of the One-Stop operators and the Board that govern the Area. This Financial Summary Report will contain at a minimum, a summary of the total revenue available for the Area, and for each Area County, broken down by each active and open grant account. This will require a showing of all Adult, Dislocated Worker, and Youth funding that was available at the beginning of the program year, expenditures and transfer that occurred during the year, available balances after expenditures.

A Statement of Available Funds will be distributed to all Board Members and One-Stop members along with a draft of the Area meeting agenda on the Friday prior to each scheduled Quarterly Board meeting. If any changes are made, a final draft will be provided prior to, or at the Board Meeting. The Financial Report, with any necessary amendments, will be by motion accepted by the Area Boards as part of their normal course of business.

When the Area fiscal year has been closed for good, Area staff will prepare a year-end Financial

Summary report and present it at the next scheduled full Area WIB meeting.

5. Generation of Area CFIS Reconciliation and Aged Status of Expenditures by Grant Report.

Twice a year, Area staff will prepare a report demonstrating the status of the Area's available funds compared to that of what is available in cash and to draw from ODJFS' accounting system of record. In addition, Area staff will also prepare within that report, or within a separate report, a summary showing the amounts remaining to be drawn for each grant account, and the total percentage of monies remaining broken down by each account.

6. Generation of One Stop Resource Sharing Account Reconciliation Report.

Once a year, following the payment of all fourth quarter One-Stop Operator invoices, Area Staff will reconcile the One Stop Resource Sharing Account. In order to assist in this process, all One-Stop Operators will submit their final invoices for One Stop Operation, by or before the 5th day of August each year. A reconciliation summary will then be produced and provided to the WIB Boards at the September meeting. Included in this reconciliation will be a summary of all amounts over-collected from One-Stop partners and the amount that the Area recommends to be provided to each in the form of a de-obligation, credit towards future One-Stop partner invoice, and/or refund.

IV. Effective Date.

June 3, 2015.

V. Monitoring.

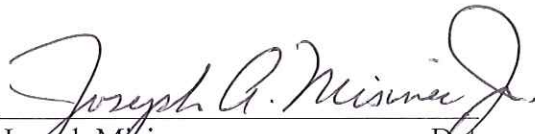
The area will conduct oversight and monitoring of the implementation of this policy pursuant to the Area's oversight and monitoring policy. Any issues discovered will be handled through the Area's monitoring resolution process.

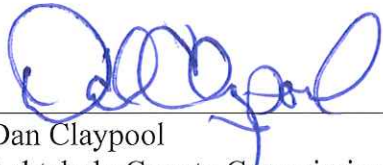
VI. Technical Assistance.

To get questions answered and technical assistance regarding this policy or issues regarding administration of WIOA, you are urged to contact the Financial and Budget Officer of the NOC COG at michelle.laveck@neohio.twcbc.com.

The question/issue will be researched, analyzed, and a formal written response will be provided. If a second opinion is required, the Financial Officer is not available, or there is no clear answer to the question/issue, either the Financial Officer or any OMJ Center or provider staff may seek additional guidance by submitting the same to the Office of Workforce Development, Area Fiscal Supervisor: cheryl.bowles@jfs.ohio.gov; and CFIS_HELP_DESK@jfs.ohio.gov; and by copying your request to the Financial Officer of the NOC COG.

VII. Signatures.

 9/16/15
Joseph Misinec Date
Area WIB Chair

 7-13-15
Dan Claypool Date
Ashtabula County Commissioner
Northeast Ohio Consortium Council of Governments,
Chief Elected Official

Original Version Approved: July 1, 2015

Subsequent Revisions: