



RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY

FIELD MEMORANDUM

December 05, 2003

Number: F03-3

SUBJECT: ANNOUNCEMENT OF REVISIONS TO EDA
INVOICING PROCEDURES POLICY NUMBER 16-01.

PURPOSE: To inform and provide Riverside County
Economic Development Agency (EDA)
contracted service providers and staff with the
changes to the Invoicing Procedures Policy.

REFERENCES: Workforce Investment Act, §183(a)(b),
184(a)(1), 185(a)(1), (c)(1), and 199A(c)

Workforce Investment Act, Financial Technical
Assistance Guide, July 2002

Office of Management & Budget (OMB)
Circular A-87, A-21, and A-122

20 CFR 667.300(c)(3)

California Employment Development Division
Bulletin WIAB 03-16, August 19, 2003

EDA Policy and Procedure 16-01
Revised September 2003,
Expenditure Reporting/Invoicing Procedures

**LOCALLY
IMPOSED REQUIREMENTS:** Locally imposed requirements are indicated in
bold, italic type.

EFFECTIVE DATE: Effective immediately upon receipt

BACKGROUND:

The California Employment Development Department (EDD) Compliance Review Division (CRD) conducted a monitoring review of EDA's Workforce Investment Act (WIA) grant. Financial management and procurement systems for Program Year 2002 through 2003 were the focus. CRD's review found there is no mechanism to capture the accrued expenses when an agreement holder submits an invoice and does not submit an accruals worksheet, fails to submit a timely invoice and does not submit an accrual worksheet even though subrecipients are required to do so in accordance with the Code of Federal Regulations Part 20, §667.300(c)(3). Therefore, CRD recommended EDA develop and submit a corrective action plan indicating how accrued expenses of subrecipients will be appropriately tracked and reported.

CRD further recommended all capital expenditures for equipment exceeding an aggregate cost of \$5,000 or more, other capital assets and tenant improvements must be approved by the awarding agencies, (State Employment Development Department and EDA) with documentation evidencing consent prior to incurring a specific cost as required by the Office of Management and Budget Circulars.

CRD also recommended EDA conduct a physical inventory of all property and/or equipment purchased with WIA funds and results reconciled with the property records at least every two years. This requirement has been included in the revised version. In addition, all agreement holders must conduct a physical inventory of all property and equipment purchased with WIA funds annually, including subrecipients, and submit an accounting of property/equipment to EDA by May 31 of each contract year. Should that date fall on a weekend or holiday, the report shall be due the previous working day.

ACTION:

Based on CRD's recommendation, the following changes are made to EDA Invoicing Procedures Policy number 16-01 and becomes a requirement for EDA agreement holders:

Title of policy is changed to read: **"Expenditure Reporting/Invoicing Procedures."**

Policy section, line seven is changed to read **"If the 10th falls on a weekend or holiday, then the invoice is due the preceding work day."** Second paragraph is added to read **"If the agreement holder cannot meet the required invoicing time frame, then the agreement holder must notify the assigned Project Administrator to modify the billing terms in the agreement for submission of monthly accruals and invoices."**

Section I, item number four is moved to item number seven. Item number four now reads: **"Circle appropriate program type and funding title (Exception: youth invoice)."**

Section II, F is changed to Section I, item number five and reads: **" Insert expenditure total. This is the total of worksheets B and B1 of the invoice. (Worksheets B, B1,**

C, C1 and E for youth invoice). These figures are inserted in the current period date total and may not exceed the total annual contract budget amounts.”

Section I, item number six is added and reads: “**Insert totals for current month expenses less any cash advance not reimbursed to EDA. Insert estimated cash need for next period if necessary. Note: This is not encouraged on a regular basis and if requested, the cash advance worksheet must be completed.**”

Section II, G is changed to Section I, item number eight.

Section II, C is changed to: **Cash/In-Kind/Match Reporting**, and reads: “**If the agreement budget includes a match requirement, the agreement holder shall report and submit that detail monthly on the appropriate Cost Reimbursement Invoice page. In-Kind claims are those services provided to the program that DO NOT represent actual cost incurred by the agreement holder but that benefit the program. Example: donated time, office space, etc. Cash match claims are actual cost incurred by the agreement holder for the benefit of the program but that are paid from non-federal funding sources.**”

Section II, D, the following is added and becomes paragraphs one, two and three and reads: “**The Code of Federal Regulations Part 20, §667.300 (c) (3) states: ‘...Reported expenditures and program income, including any profits earned, must be on the accrual basis of accounting and cumulative by fiscal year of appropriation. If the recipient’s accounting records are not normally kept on the accrual basis of accounting, the recipient must develop accrual information through an analysis of the documentation on hand.’**”

Therefore in compliance with the regulation cited above all, expenditures are to be reported on an accrual basis. The accrual worksheet is to be completed to report accrued allowable expenditures for the current report period. In the event that an agreement holder is not current in expenditure reporting, or if agreement holder cannot meet the required timeframe, an accrual worksheet must be completed and submitted on or before the 10th day of each month to include allowable program costs (actual and estimated) beginning from the date of the most recently submitted expenditure report (invoice) through the end of the current reporting period. An explanation of the basis for the accrual must be included. If the 10th falls on a weekend or holiday, the information is due the previous working day. Note: Agreement holders cannot be paid for submitting accruals, actual invoices must be submitted for payment.

In addition, EDA will maintain an accrued expenditure report in order to monitor compliance with this requirement. Failure to meet this reporting requirement is subject to elements described in Section IV C, Penalties.”

Section II, D, first paragraph is changed to Section II, E Request for Cash Advance Worksheet, and line one is changed to read:

“the agreement holder may, but is not required to”

Estimated expenditures under NOTE of that section is changed to: “**Cash advances.**”

Section IV, A, line two: “**and timely**” is added.

Section IV, B, line one: “**invoices have not been submitted monthly and/or...**”

Section IV, B, line five: “**submitted or**” is added.

Section IV, B, second paragraph becomes Section IV, C **Penalties**, and reads:

“Failure to meet reporting requirements may result in withholding of reimbursement of expenditures and/or deobligation of funds. In addition, if it has been determined the agreement holder has not been submitting invoices on a monthly basis, they are considered to be on special status, and future funding may incur up to a 10% penalty for future contract amounts. Agreement holders will receive a warning letter on the first occurrence of an untimely invoice. Untimely invoices, thereafter, will incur a 2% penalty up to a maximum of five occurrences. Any untimely invoice after the fifth occurrence will incur the full 10% penalty or an amount decided at the discretion of the Workforce Development Administrator. Failure to submit monthly invoices on a timely basis may also effect scoring of the past performance component for future bidding. Percentages are cumulative.”

Late Invoice Occurrences and Penalty Fees	
First Occurrence	Warning
Second	2 % Penalty
Third	4 % Penalty
Fourth	6 % Penalty
Fifth	8 % Penalty
Sixth or more	10% or Discretion of Workforce Development Administrator

Section V, D, Insurance and Bonding is corrected to read Section V, E.

Section V, E, Printing /Services and Photocopy is corrected to read Section V, F.

Section V, F, is corrected to Section V, G and line 9 is changed to read:

“In addition, State of California EDD and.....”

The following is added to the close of same paragraph:

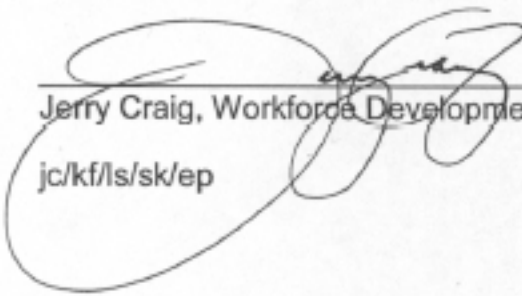
“...and must be done at least every two years as required by regulations.”

Section V, S line 10 is changed to read;

“State of California EDD approval may be required. Therefore, the agreement holder must have written approval from EDA prior to the final selection of....”

EDA staff will transmit any future changes to this policy in a Field Memorandum. EDA staff and contracted service providers shall insert these revisions into the April 30, 2003, policy. A copy of this Field Memorandum is available to the public at www.rivcojobs.com and on the Riverside County EDA Intranet for staff.

Please refer any questions or concerns regarding this Field Memorandum to the Workforce Development Division's Planning and Development Manager at 909.955.3100.



Jerry Craig, Workforce Development Administrator
jc/kf/l/s/sk/ep