

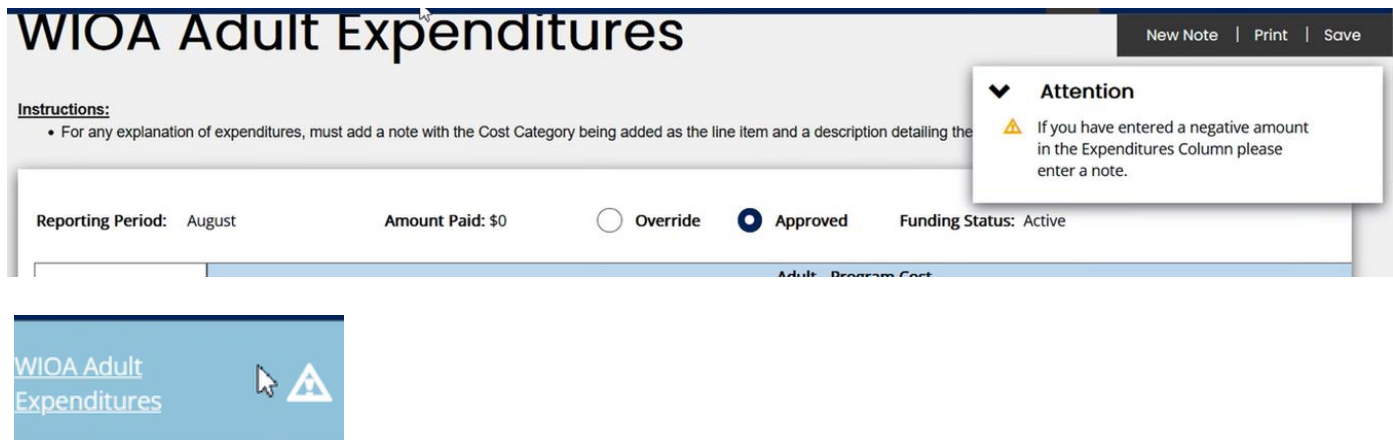
GSETA Fiscal Committee Meeting - Virtual via Microsoft TEAMS

Tuesday, September 24, 2024, at 9:00 AM

MEETING MINUTES

NJDOL Fiscal and Accounting – Nalini Ammanamanchi

- Please make sure to add Notes when a negative amount is entered in any expenditure cost category in IGX the same way you were required to in SAGE.
 - Counties will see an ATTENTION message in the upper left-hand corner. If you see a triangle do not submit a report. Make corrections and then submit.
 - When you enter the notes in the note section, please specify which report the note is for.
 - Similarly, please make sure to enter the notes along with justification for any positive Cash on Hand and Program Income reported in IGX.



This option is different from SAGE because SAGE allowed the notes to be entered directly into the report. In IGX, the notes are entered into a general notes field, under TOOLS.

- Supporting documentation must be attached with the Monthly Expenditure Reports submissions.
 - Please be reminded that beginning with the September reports that are due by October 15th, fiscal will be rejecting/returning the reports if supporting documentation (that matches the expenditures reported) in SAGE/IGX is not attached.
 - Proper backup documentation is the general ledger from your accounting system to show the actual support of expenditures as it is not an estimate. Invoice backup is not necessary for uploading, just the general ledger report. Invoices are still required to be kept for auditing purposes, but not for uploading into SAGE or IGX.
 - Please use the Miscellaneous Attachment option to upload the documents.
- Reports are due by the 15th of the month but if counties have a need, Accounting and Fiscal can grant a maximum of one-week extension if you need time to submit the report.

NJDOL Internal Audit Updates – Theresa Valley, Emily Watts, James Reed

1. Monitoring

- Areas of Concern vs. Findings: In upcoming and recent monitoring, the Office of Internal Audit (OIA) has started identifying "Areas of Concern" in addition to "Findings." An area of concern refers to something that has been noted but is not yet a reportable finding that requires a response. However, if not addressed, it could become a finding in the following year.
- Fiscal Monitoring of Subrecipients: WDBs must fiscally monitor subrecipients annually, using a formal fiscal monitoring tool and report. This process is currently missing in many local areas, and it needs to be implemented.
- Audit Program and Core Monitoring Guide: OIA will provide its audit program and core monitoring guide. Terry will coordinate with her team and follow up with the local areas to ensure compliance.
- OIA will begin monitoring for 2025 sometime in November.

2. WDB Separation and Firewalls

- There must be a clear firewall between the WDB and subrecipient roles to avoid conflicts of interest. For example:
 - A WDB director cannot also serve as a One-Stop director.
 - Subrecipients should not handle accounting functions like preparing reports, requesting drawdowns, or managing funds for the WDB.
 - The easiest way to view this is: If a subrecipient, such as Equus, handles WIOA funds, they should not also manage accounting or financial oversight. These functions should be housed within the WDB.
- Terry emphasized the importance of having clear lines of separation between the awarding body and subrecipient functions to maintain transparency and avoid conflicts, especially in financial roles.

3. Indirect Costs

- Profit in contracts, especially with private vendors, must be negotiated upfront. It cannot be included as a fixed percentage. Profit must be a negotiated lump sum tied to performance metrics, and the vendor must meet specific criteria to earn it. Terry highlighted an example where a northern region vendor incorrectly assumed profit was automatically included without negotiation.
- Emily explained that indirect cost rates must be approved by the county's cognizant agency, usually the federal agency providing the most funding (e.g., education or human services). Once approved, the rate must be consistently applied across all federal grants, and selectively charging different departments is not allowed.
- There is a need to establish a formal process, potentially involving Workforce or NJ WIN, to ensure compliance with U.S. Department of Labor (USDOL) regulations regarding indirect costs. Indirect costs must be negotiated as a lump sum, tied to specific performance criteria, and cannot be applied automatically for services rendered.
 - Patricia and her team are actively working on guidance for this process.

- Standing costs refer to expenses that would have been incurred had the county not covered them. Emily clarified that if indirect costs were never approved or formally invoiced, they cannot simply be added later. An official agreement is necessary, not an informal decision to use leftover funds at the end of the year.
- Some counties provide services, such as payroll and purchasing, without charging for them. Others choose to charge these services as indirect costs, based on factors like headcount or payroll. Whether or not counties pass these charges to federal grants varies.
- There was a question about whether standing costs could cover disallowed costs. The answer is no—standing costs must be legitimate and recorded in the accounting system as expenses incurred but not charged. USDOL guidance specifies that standing costs must be properly documented in monthly expenditure reports and cannot be added retroactively.
- Profit must always be negotiated and tied to performance metrics. It cannot simply be a fixed percentage (e.g., 10%) that is agreed upon without proper negotiation.

Q&A and Open Discussion

- Required fiscal documentation of third-party/private donations to the WDBs? How those funds can be used?
 - Any third-party or private donations to WDB must be properly documented. This includes:
 - A donor agreement outlining the purpose of the donation.
 - All donations must go through the county's accounting system to ensure transparency.
 - Larger donations may require the allocation of salaries and administrative costs to that fund source.
 - The county may create a separate account for WDB donations, allowing for the tracking and management of these funds.
 - Donations can be used for any purpose since they are not tied to WIOA or WFNJ funds. However, the recipient is responsible for the proper use of the funds, and any issues with their usage would be between the recipient and the donor, not the county.
 - Avoid accepting cash donations directly. All donations should be documented and processed properly through the accounting system.
- Can training providers be reimbursed for offering incentives to encourage client engagement and credential achievement? For instance, could a school provide transportation passes or ride-on-demand gift cards (e.g., Uber/Lyft) when a participant obtains a credential or reports employment, with the WDB reimbursing the vendor? Is this considered an allowable supportive service cost?
 - The answer is no. Training providers receive an ITA (Individual Training Account) contract, and the concern is that they may already be charging high fees. However, if you have a subrecipient managing your program, you need a detailed supportive services policy that clearly outlines what is allowed regarding incentives for participants. Providing incentives directly to participants is allowed.
- What is the state's timeline for processing drawdown request?

- The current timeline for processing drawdown requests is unclear. Nalini will check on that and provide an update.
- Guidance for WFNJ allowable cost?
 - OIA will reach out to Sherie Jenkins, who is in charge of WFNJ, to arrange a meeting and compile documentation regarding basic allowable costs.
 - Emily added that the general terms and conditions of the WFNJ award likely contain language tying WFNJ to WIOA allowable cost guidelines. You can refer to these terms and conditions, which should be posted in Sage or IGX, as they connect the two.
- Marketing and Outreach cost?
 - Ensure that you have a detailed outreach policy. Workforce GPS and Steven's Ad both offer resources on this topic.
 - [Workforce GPS Elevate Your Outreach: Wednesday, October 02, 2024 1:00 PM ~ 2:00 PM ET](#)
 - Outreach costs are allowed, but it's crucial to have a detailed policy approved by your board, clearly stating what is permitted.
 - Terry shared an example from another state, explaining that it's important to have policies in place, even if borrowed from other locations with more time to draft them.
 - When conducting outreach, you cannot use private company names. USDOL flagged an issue with a subrecipient of Equus, who included the company name in outreach materials. The rule is to only use the name "Workforce Development Board" in such materials, not the name of any private company.
 - Resources Terry located that might be helpful:
 - <https://www.myoneflow.com/blog/20-ways-to-use-wioa-funds-for-outreach-advertising>
 - <https://dws.arkansas.gov/wp-content/uploads/Policy-5.4-WIOA-Allowable-Outreach-FINAL-DRAFT-Rec-3.11.24-ET.pdf>

Upcoming Meetings:

- 12/17/24 at 9:00 AM via TEAMS
- 3/4/25 at 9:00 AM via TEAMS
- 5/20/25 at 9:00 AM via TEAMS