

GREENSBORO/HIGH POINT/  
GUILFORD COUNTY  
WIOA LOCAL AREA 42

FINANCIAL MANAGEMENT POLICY

Revised January 2017

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## **.A. GENERAL INFORMATION**

### **1. LEGAL AUTHORITY**

Pursuant to the Sub-Grantee Agreement, federal and state funds available to the Greensboro/High Point/Guilford County Workforce Development Consortium, shall be allocated in accordance with the formula for distribution of funds established by the US Department of Labor and the State of North Carolina.

The City of Greensboro, North Carolina, as administrative entity for those funds has designated the Office of Workforce Development to administer funds and programs under the Workforce Innovation and Opportunity Act (WIOA) in Guilford County.

### **2. POLICY STATEMENT**

This Cost Allocation Plan is based on the Workforce Innovation and Opportunity Act, applicable regulations, and City of Greensboro financial policy. This Cost Allocation Plan and attached Monthly Financial Report Procedure describes and illustrates the methods by which the Greensboro/High Point/Guilford County Local Area collects, analyzes, and distributes shared costs. The methodology and procedures detailed in this Plan have been developed in accordance with Generally Accepted Accounting Principles and take into account WIOA and Division of Employment & Training regulations.

### **3. APPLICABILITY**

The Cost Allocation Plan is applicable to all grants administered by the Greensboro/High Point/Guilford County Local Area as described in the Plan.

## **B. ORGANIZATIONAL STRUCTURE**

The purpose, structure, and functions of this cost allocation plan shall be to establish and document the rationale for the allocation of certain costs.

### **1. PURPOSE**

The Greensboro/High Point/Guilford County LA's purpose is to operate and administer training and employment programs funded primarily through the Workforce Innovation and Opportunity Act for the following purposes:

To prepare economically disadvantaged residents of the LA and non-economically disadvantaged residents who have substantial barriers to employment who have not been fully participating in the labor market mainstream for competitive entry or re-entry into the workforce.

To prepare individuals who have been dislocated from the workforce due to facility closures, layoffs, natural disasters, or long term unemployment to readjust to changing workforce requirements and/or to retrain for new occupations.

To facilitate completion of the secondary level of education, improve the basic job readiness, and/or facilitate post-secondary training for disadvantaged and/or dropout youth residents of the LA.

To accomplish these objectives through a comprehensive combination of services to include eligibility determination, comprehensive assessment, academic remediation, skill-specific training, pre-employment training, case management and counseling, necessary supportive services, job placement assistance, and follow-up.

### **2. STRUCTURE**

The City of Greensboro serves as the administrative entity for a consortium of local governments known as the Greensboro/High Point/Guilford County Workforce Development Consortium. The Consortium operates WIOA programs in Guilford County through a City of Greensboro Division known as Office of Workforce Development (OWD). The Workforce Development Board provides guidance and oversight for WIOA programs in Guilford County.

The OWD staffing structure is as follows:

An Executive Director is responsible for overall operations of the program, personnel, and Board functions.

An Assistant Director oversees fiscal operations, participant information systems, supportive services, monitoring and facilities operations. The Assistant Director is supported by an Administrative Manager.

A Contractor Liaison oversees the service providers' delivery of services to individual clients including case management for adults, dislocated workers, and youth.

A Business Services Manager oversees the business services unit.

### 3. FUNCTIONS

Consistent with the purpose and acting through the organizational structure described above, the Office of Workforce Development functions as administrator of various federal and state employment and training grants by both contracting with service providers and directly operating program components.

For the purpose of this Cost Allocation Plan the functions of the Office of Workforce Development are categorized as follows:

Administrative Functions which benefit all fund sources and programs and which are allocated to those fund sources by a described methodology are:

- accounting, budgeting, financial and cash management functions
- procurement and purchasing functions
- property management functions
- personnel management functions
- payroll functions
- coordinating the resolution of findings arising from audits, reviews, investigations, and incident reports
- audit functions
- general legal services functions
- developing systems and procedures including information systems, required for these administrative functions
- performing oversight and monitoring responsibilities related to WIOA administrative functions
- costs of goods and services required for administrative functions
- travel costs incurred for official business in carrying out administrative activities
- costs of information systems related to administrative functions

Programmatic Functions are those listed below which have been identified as directly benefiting specific grants or fund sources. Costs for these functions are further subdivided into cost categories relative to specific grants through a described methodology:

- Outreach/Recruitment/Orientation/Eligibility - the process of reaching out to targeted populations, providing overviews of program services, and determining eligibility for various programs under WIOA
- Assessment - the process of assessing eligible applicants to determine the supportive and training related needs and suitability for various types of training
- Case Management - the on-going management of services to individual clients to include development of Individual Employment Plans, vocational and support service counseling, facilitation of training access, continued assessment as needed, job placement, and follow-up after program completion
- Programmatic Support - clerical support necessary to successful operation of program unit

## C. COST ALLOCATION METHODOLOGY

Charts of accounts for LA expenses are set up by Program Year Allocation (PYA). Each set of accounts for a PYA is divided into sections based on either cost categories or expenditure types. Current program year accounts are shown in **the attached WIOA Accounting Structure**. All expenses incurred by the LA are charged to accounts by one of the following methods:

1. Direct charge to a section representing a program source and cost category.
2. Initial charge to a section representing a program source/cost category with a later transfer to another section(s) based on a pro-rated split between program sources and/or cost categories.
3. Initial charge to a cost pool account with a later transfer to another section(s) based on a pro-rated split between program sources and/or cost categories.

All allocations are done on a monthly basis and reported monthly on the Monthly Financial Report (MFR). In most cases, they are also converted into actual journal entries submitted to Accounting upon completion of the MFR.

Costs are allocated or direct charged based on the following methodology:

### PERSONNEL COSTS

#### A. General

Personnel costs include all wages, salaries, benefits, and workers compensation costs as well as charges directly related to staff activity. Those charges include business/meeting expense, seminar/training expense for staff improvement, and mileage reimbursement.

Personnel costs are either charged directly to a particular program or initially charged to a home account and then transferred by allocation to various programs. The method for allocating individual staff may change slightly from year to year. The current individual allocation methodology is found in **the attached current PY staff structure** and the details for making allocation calculations are described in the LA Monthly Financial Report (MFR) Procedure.

In general, the following methodologies are used by type of employee:

- Allocated based on relative enrollments by program: program managers, business services staff, general public services staff, reception staff
- Direct charge to a program: staff responsible only for program-specific functions or pure administrative functions

- Special allocations for certain staff who manage individuals in both administrative and program capacities or who manage staff in both case management and assessment capacities.

## **PARTICIPANT SUPPORT SERVICE COSTS**

### **A. Dependent Care**

The LA contracts for child care payments to be paid directly to day care providers by the Department of Social Services on behalf of participants who are not eligible for other DSS subsidy. Such payments are charged **directly** to the program in which the enrollment necessitating dependent care occurs.

## **TRAINING AND CONTRACTOR COSTS**

All non-staff costs for training are charged **directly** to the program under which the participant is receiving training. All contractor costs for program-specific functions are charged **directly** to that program. Contractor costs that benefit multiple programs are allocated among those programs monthly based on **relative enrollments** among programs served.

## **OVERHEAD/OPERATIONAL COSTS**

Costs that are necessary to operate the physical offices and common programs of the Local Area and that are not clearly benefitting only a single fund source are charged initially to a designated fund source each year that is the “home” account for shared costs from which costs will be distributed to other fund sources. This is generally based on the fund that has the largest budget and is currently the DW fund. In the case of rent, original charges may be made to multiple fund source accounts since this cost is so high relative to other expenses.

If a cost clearly benefits only a single fund source, the cost is charged directly.

Common costs are allocated among the fund sources based on two different methodologies relative to the type of operational cost.



The following costs are allocated based on a **full-time equivalent percentage** by program and admin categories. The rationale is that this more equitably charges cost categories that are used relatively as much by administrative staff as by program staff :

- Telephone and similar communication charges
- Software that benefits all fund sources
- Office supplies and printing costs
- Desktop services and related costs including computer leases

Other operational costs are allocated based on **relative fund enrollment levels** based on the rationale that these types of costs are primarily program in nature and that administrative staff benefit only to the extent of relative building space occupied by those staff. The administrative allocation for this second set of costs is a **direct percentage** of office space used by staff that perform administrative functions. After that percentage is applied, the balance of costs is allocated among program fund sources by enrollment ratio. Line item expenses which are included in this allocation are postage, equipment rental, building rent, vehicle lease, contracted building maintenance, building maintenance and repair, equipment maintenance and repair, and other similar items.

In both types of allocation, a new allocation distribution amount is determined each month based on cumulative FTE or enrollment percentages (based on which of the two allocation methods is used for that cost). The methodology looks at current expenditure amounts in the “home” account, then adds back previous amounts allocated out to arrive at an actual expense amount for each line item to date, i.e., the true amount spent for that line item.

The allocation percentage is, thus, re-applied each month to the grand total and the actual amount that is distributed by journal entry to each fund source in the current month is adjusted by any previous allocated amount such that the total distribution is always cumulative through the reporting month. For example, if the Adult cumulative share through September is calculated to be \$10,000 of allocable costs and \$4,000 had previously been transferred from the home account to the Adult account, then only \$6,000 will be transferred this month.

Allocable amounts are considered in the aggregate rather than by each individual line item so that the actual amount moved by journal entry for a fund source in a month may all come from a single line item rather than from each line item separately.

**GREENSBORO/HIGH POINT/GUILFORD  
COUNTY  
SERVICE DELIVERY AREA**

**MONTHLY FINANCIAL REPORT  
PROCEDURE**

**EFFECTIVE: JULY 1, 2002  
Revised May 2014**

## A. INTRODUCTION AND DESIGN

Each Local Area (LA) in North Carolina is required to submit a Monthly Financial Report (MFR) for each open Program Year Allocation (PYA). The Division of Workforce Solutions (DWS) details basic requirements for completing and keying those reports in its Workforce Information System Enterprise (WISE) and its Financial Procedures publications. However, individual LA's must use local procedures that are consistent with its accounting design to compile the worksheets necessary to produce an MFR. Monthly Financial Reports are due to DWS no later than the last day of the following month, i.e., October MFR's are due on November 30.

The City of Greensboro serves as the administrative entity for the LA with the Office of Workforce Development serving as the Division within the City that operates WIOA programs. An annual budget is submitted to the City Council reflecting employment and training grants administered by the Office of Workforce Development. Once approved by the City Council those grants are translated into line item budgets that are divided into sections based on either cost categories or functional areas. An individual PYA may have from one to ten or more sections.

All financial transactions are initiated by Office of Workforce Development staff but final checks, journal entries, purchase orders, etc. are completed by the City's Finance or Purchasing departments. Finance generates a monthly financial statement for the Office of Workforce Development that shows expenditures and revenues for that month by section. Those statements are called Budget and Cost of Operations Statements.

Examples of all worksheets described in the following pages are found in the **Monthly Financial Report Appendix**. It is necessary to follow along on the actual worksheets while reading the procedures to fully understand the process.

### Worksheet Design

This LA uses a documentation approach that is based on a series of Microsoft Excel worksheets completed monthly and an additional series of allocation worksheets that are also completed monthly as outlined here and in the LA's Cost Allocation Plan.

An open PYA is one for which a final report has not been submitted, i.e., the grant has not been officially reported to DWS as having been spent out. In the master electronic worksheet for the financial report there exists a separate section for each open PYA in which current expenditures, accruals, and adjustments are recorded. Appropriate calculations are performed on those figures

to produce the data that is transmitted to DWS. Hard copies of the worksheets with all supporting documentation are maintained in monthly files at the LA office. The spreadsheet is designed so that most of the calculations are performed automatically once initial data is entered.

The worksheets for each PYA have two sections: a **calculation** section which performs operations to arrive at final figures which are then automatically carried to the **WISE Input** section which approximates the transmittal screen which will be used to send the report to DWS.

## B. PREPARATION

There are several initial steps taken before data is entered into the electronic spreadsheet.

### Budget and Cost of Operation Statements

On or about the 10th of each the **Budget and Cost of Operations Statements** are printed from the City's ERP system and reflect the general ledger of accounts for the OWD division for the preceding month. This report is divided by designated fiscal staff into groups of sections making up individual PYA's and is then further grouped by fund sources. This package is placed into the impending MFR file.

The **Budget and Cost of Operations Statements** are reviewed by designated fiscal staff for general accuracy and to determine whether clearly incorrect postings have been made; e.g., to grants which have been spent out or should no longer be active. Any discrepancies are noted for proper adjustments to be made as the MFR is completed.

### Accruals

Accruals are defined as those expenses that were incurred for goods or services delivered or received on or before the last day of the month for which the MFR is being prepared but which have not yet been paid. Accruals also include purchase orders issued in that month but for which no goods have been received.

There is a separate column on each **Budget Sheet** that tracks accruals for that month for the section. This column also tracks

contracts booked in that section but only the current month's accrual is included for contracts.

### C. ENTERING EXPENSES

Designated fiscal staff pulls the impending MFR file containing necessary backup documentation and the **MFR** Excel workbook is opened.

**MFR** workbooks are stored in a shared folder on the LA server for each program year. The previous month's file is opened and saved with the new month's name to serve as the working file. Previous month's files are maintained in the computer indefinitely and hard copy files are maintained for at least five years.

Each workbook contains a series of mini-files for each PYA open during the program year. These are grouped in the following order: 2020 Adult, 2031 Rapid Response, 2030 Dislocated Worker, 2040 Youth, 2050 10% Funds, 2010 Administration and additional WIOA or non-WIOA grants.

The first step is to enter the new month's name and date in the first PYA mini-worksheet that appears on both the header and the first row on the left. It will automatically repeat itself in that spot for all the remaining mini-worksheets.

The copies of the **Budget and Cost of Operations Statements** are then arranged in this same order. The figure from the "Year to Date Current Expenditure" column in the "Total Expenditures - Budget" row for each section on the **Budget and Cost of Operations Statements** is entered on the dated spreadsheet row section by section and PYA by PYA until all the year-to-date expenditures have been entered.

Note that after each year's Month 13 report is completed, the spreadsheet template is reformatted for the new year and the final year-to-date expenditure amount on the Month 13 MFR for each section becomes the new year's Month 13 figure on the designated row in the new MFR worksheet. The spreadsheet will automatically subtract the last year's Month 13 expenditure level from the current month's year-to-date expenditure level so that the "balance" represents expenditures since July 1 of the current year.

## D. ALLOCATION ADJUSTMENTS AND JOURNAL ENTRIES

The “allocation adjustments” row on each PYA mini-worksheet calculation section will contain adjusting entries necessary to allocate expenditures that month and will automatically be subtracted or added from the “balance” to create the “adjusted balance”. The adjusted balance figure is carried automatically into the “cash” column of the MFR section of the mini-worksheet.

Journal entries are necessary whenever expenditures need to be moved from one section to another either within a PYA or to another PYA. This description of procedure will not attempt to provide a comprehensive listing of when such action is necessary, but in general, J.E.’s are made when expenses are posted to the wrong account through error or because a decision has been made to assign them to a different PYA; when allocations are done between PYA’s or cost categories and expenses need to be moved from an account which has been holding expenses to a final destination; when a PYA or cost category would be overspent unless adjustments are made; and when a PYA needs to be closed and some additional expenses need to be transferred in to spend out the availability.

Normally those adjustments will become cash expenses by the next month’s report since they are uploaded to be effective in the month they are received.

The current cost allocation procedure calls for allocations that are done monthly and these are submitted as journal entries at the same time as other correcting entries. These type of allocations are described in some detail in a later section.

All of a particular month’s entries are recorded on a single spreadsheet that is automatically uploaded into the City’s ERP/general ledger system by designated accounting staff. This spreadsheet contains written justification for the journal entries. The spreadsheets for each month’s entries are kept in electronic folders with the MFR worksheets, as well as any other calculation worksheets pertinent to that month’s report. A copy of the electronic file emailed to Accounting is kept in the current MFR file, and a second copy is placed in next month’s MFR file for the designated fiscal staff to pull in preparation for that month’s report as described earlier.

## E. ENTERING ACCRUALS

The last row in each section of the calculation portion of the mini-worksheet contains accruals. All previous month's accruals should be deleted and new accruals entered from the Monthly Accrual Log section by section and PYA by PYA until all are entered. As with the year-to-date expenditures, accruals are automatically carried into the MFR portion of the mini-worksheet.

## F. ADDITIONAL MONTHLY ALLOCATION PROCEDURES

Each month there are additional allocations of shared expenses that are entered in the "allocation adjustment" sections of individual PYA worksheets.

- personnel costs between WIOA programs and/or other fund sources
- transportation costs between WIOA programs and/or other fund sources
- overhead and operational costs between WIOA programs and/or other fund sources

These calculations must to be performed in a specific order because several of the steps require information from the previous step. They are completed and reported each month and are normally converted into actual journal entries each month as well.

**Following are details of how the allocation workbook is completed each month. One of these workbooks for each MFR month is stored in a shared electronic folder on the LA server and contains several worksheets as described below.**

### 1. Salary Allocations

Salaries are updated as needed in the **Salaries** worksheet and are automatically carried into the **Salary Allocation** worksheet to produce a cumulative expense for the year to date by individual.

Reports from **NC Works** and **Service Intelligence** (customer sign-in system) are used to produce cumulative enrollments for the year by program total, as well as customer information regarding their dislocation. This information is entered into the tables at the bottom of the **Salary Allocation** worksheet. There are several different ways in which percentages of enrollments are shown to reflect different allocation methods for different staff. The current staff

allocation methodology for this year is shown in **the attached PY staff allocation**. Relative percentages from the enrollment levels are then carried into the main part of the worksheet.

Where applicable, the enrollment percentage that is identified for each staff person per **the attached current PY staff allocation** is then applied to the total salary for each staff person, taking into account the home account to which the individual is charged and the resulting transfer amounts to the different programs. This produces an electronic allocation of expenses across all appropriate programs and funds and then calculates a total amount to be transferred among programs and funds.

These amounts are carried into the **Allocation Summary** worksheet.

## 2. Overhead Allocation

The **Overhead** worksheet is formatted identically to the MFR worksheets and records all allocable overhead as described in the Cost Allocation Plan. The worksheet is set up each year to show all budget sections in which overhead costs may be recorded. Totals from the individual sections are automatically carried into a summary of all overhead expenses for the year and adjusted for previous transfers in a fashion similar to that described for the administrative allocation process. This results in a total overhead expense for the year to date.

The administrative share of this total is calculated by applying a percentage of office space dedicated to staff that perform administrative functions to the total. The balance is then allocated among programs and funds by electronically applying the relative percentage of personnel expense from the **Salary Allocation** worksheet to the balance. If administrative funds are available, they may be used to pay rent beyond the portion used by administrative staff.

The process above is used for allocating most operational overhead costs, but because that allocation methodology is not as effective for allocating certain types of expenses, common expense for telephones, software, office supplies, printing costs and desktop services expenses are allocated based on a full-time equivalency (FTE) calculation.

All staff who work all or a portion of the program year are assigned an FTE for that year. The total FTE's are split between program



and administrative for allocation purposes; the program cost is further split by enrollment percentages for each fund source that is part of the allocation process. Once this portion is set, the remaining portion is split between Adult, Dislocated Worker, and Youth based on customer input into Service Intelligence.

The amounts from the **Overhead by FTE** and the **Overhead by Space** worksheets are carried into the **Allocation Summary** worksheet.

### 3. Transportation Allocation

The **Transportation** worksheet is set up like the **Overhead** worksheet to track allocable transportation costs; currently this is now only including bus pass expense. Bus passes are charged initially to a single program section, and are allocated monthly based on the previous month's expenditures on support services across the Adult, DW, and Youth grants. These amounts are carried into the **Allocation Summary** worksheet.

### 5. Allocation Summary Worksheet

When all individual allocations are completed and totals transferred into the **Allocation Summary** worksheet, the designated fiscal staff updates prior actual journal entries that have been made between programs so that the cumulative allocated amounts for the year to date are adjusted by prior entries to produce a remainder still to be allocated.

This worksheet is then used to enter the correct allocation amounts into the **MFR** workbook.

The allocation process basically reallocates total cumulative costs each month based on a current enrollment ratio and determines the amount to be transferred among funds each month by adjusting that cumulative allocation by the total of prior adjustments.

## G. RECONCILIATION WITH GENERAL LEDGER TOTALS

When all entries and adjustments are completed on the **MFR** mini-worksheets, the totals from the worksheets are automatically carried into a Monthly Expenditure Summary within the main **MFR** worksheet. The total

from this summary sheet is compared in the **Reconciliation** worksheet to summary budget section figures from the **Budget and Cost of Operations Statement**. These roll up individual sheet totals into larger totals by program and fund. Any discrepancies noted are corrected and adjusted as necessary for the two worksheets to balance, thereby balancing individual program expenses to the total expenses in the LA section of the City's general ledger.

#### H. ENTERING AND TRANSMITTING MFR'S

Procedure for entering and electronically transmitting the MFR's are covered in detail in the WISE manual produced by DWS (**attached**).

Additional LA procedures that are required include printing the WISE Input worksheet, and comparing to the submitted MFR. If a discrepancy is found, it is not possible to automatically retract the MFR; the administrative accounting supervisor with DWS must be contacted, and they will reject the MFR and allow corrections to be made.

#### I. FINAL DOCUMENTATION

After all MFR's are keyed for the month, the following materials are assembled and placed into that month's labeled MFR folder for filing in the financial office

- original **MFR** mini-worksheets are stapled to the WISE printout of both current PY MFRs
- copy of any journal entry memo sent to Accounting
- full complement of **Allocation** Worksheets for any allocation month MFR
- Monthly Expenditure Summary
- any additional notes or documentation necessary to explain unusual procedures, calculations, or transfers for that month