

CITY OF LOS ANGELES

CALIFORNIA

CAROLYN M. HULL
GENERAL MANAGER



KAREN BASS
MAYOR

ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT

1200 W. 7TH STREET
LOS ANGELES, CA 90017

DATE: June 28, 2024

TO: All EWDD Service Providers

FROM: *Dr. Fernando Campos*
Dr. Fernando Campos, Director
Financial Management Division

**SUBJECT: FMD DIRECTIVE NO. 24-002
FINANCIAL CLOSEOUT INSTRUCTIONS FOR FY 2023-2024**

EFFECTIVE DATE:

This directive is effective on the date of issue.

PURPOSE:

The purpose of this directive is to provide financial closeout instructions for all City of Los Angeles (City) service providers and contractors (professional services) for the period ended June 30, 2024. These instructions are applicable to all federal and non-federal grants awarded directly from or passed-through the City of Los Angeles-EWDD.

BACKGROUND:

City contracts provide that the final financial closeout package must be submitted to the Economic and Workforce Development Department (EWDD) Financial Management Division (FMD) within a set number of days (i.e., mostly 15 or 20 calendar days) following the period being closed or expiration of the contract. However, these deadlines may change as the City receives reporting instructions from Federal, state, and local grantors.

This directive sets forth the official deadlines for the submission of the final financial closeout report and other required related schedules and supporting documentation for the period ended June 30, 2024, and **supersedes the closeout deadline provided for in City contracts**, if different.

POLICIES AND PROCEDURES:

A. CLOSEOUT TIMEFRAMES/DEADLINES:

For JUNE 2024 INVOICES:	
June 30, 2024	Last day to incur expenditures. Expenditures beyond this date are not allowable.
July 5, 2024	<u>For Californians for All Youth and all LA County grants only:</u> Deadline for inclusion in the City’s billing to the State of CA and the LA County.
July 12, 2024	For all other grants.
For FINAL FY 23-24 CLOSEOUT PACKAGES:	
July 12, 2024	For WIOA Formula and WIOA Discretionary Grants. <i>(Note: This will also be the June 2024 invoice.)</i>
July 19, 2024	For all LA County grants.
July 31, 2024	For all other grants.
October 4, 2024; October 31, 2024	<u>For Californians for All Youth Round 1 only:</u> <i>(Note: Round 2 starts on October 1, 2024)</i> Final Closeout and last day to incur expenditures is September 30, 2024. Fiscal Year 2024-25 Closeout Package Deadline for inclusion in the City’s final billing to the State of CA is October 31, 2024.
Other Deadlines:	
July 26, 2024	Last day to liquidated or pay all expenditure accruals included in the Final Closeout report.
August 9, 2024	Deadline for submission of Schedule of Expenditure Accruals – Status Update.

These deadlines were established to enable FMD to comply with various grantors’ financial closeout reporting deadlines. Late submission of closeouts may result in the City not being able to include expenditures in its final closeout report to a grantor. These closeout expenditures not included in the City’s final closeout report will not be reimbursable.

B. REQUIRED REPORTS AND DOCUMENTATION:

1. Final Closeout Package:

A complete Final Closeout package must be submitted on or before the deadline stated in Section A above. This package must include the following:

- Cover Letter,
- Cash Request (CR),
- Expenditure Report (ER),
- Attachment to Expenditure Report (*if required*),
- Schedule of Personnel Costs,
- Schedule of Expenditure Accruals (*see **Attachment #1***),
- General Ledger (GL) and Expenditure Report (ER) Reconciliation Report (*see **Attachment #2***),
- Bank and Cash Account Reconciliation (*for accounts used for City funds*),
- Refund Check payable to “City of Los Angeles – EWDD” (*if applicable*), and
- Closeout Forms: (*see **Attachment #3***)
 - Subrecipient Release Form,
 - Subrecipient’s Assignment of Refunds, Rebates, and Credits, and
 - Contract Closeout Certification.

An incomplete closeout package will not be processed.

If a Final Closeout package is not submitted by the deadline, the last CR and ER submitted will be used to unilaterally closeout the City contract.

For Professional Service Agreements (PSA): Please submit invoice(s) through June 30, 2024, including all required schedules and/or supporting documentation, to the EWDD program monitor. PSA invoices and the release of any retention fees will only be processed by FMD with the certification of the EWDD program monitor that all required deliverables have been met.

2. Schedule of Expenditure Accruals – Status Update:

A status update on the Schedule of Expenditure Accruals submitted with the Final Closeout package is due on or before **August 9, 2024**. Columns G, H, and I of the schedule must be filled out.

If any of these expenditure accruals do not materialize, a Revised Final Closeout package and a refund check, if applicable, must also be submitted.

3. Submission Instructions:

The Final Closeout package must be sent to the address below:

Economic and Workforce Development Department
Attn: Dr. Fernando Campos, Director, Financial Management
444 So. Flower Street, 14th Floor
Los Angeles, CA 90071

An electronic copy must also be emailed to EWDDfinancial@lacity.org **and** to the respective EWDD program monitor.

C. EXPENDITURES:

1. Final Expenditures:

The Final Closeout reports must reflect the total cumulative final expenditures for the period ended June 30, 2024. These are used by FMD as basis to close grants with grantors or to determine unexpended savings that may be reprogrammed for the subsequent program year (2024-2025). Therefore, **no additional expenditures will be allowed after the Final Closeout report is submitted to and accepted by FMD.**

The total final expenditures reported must reflect **both** cash and accrued expenditures incurred during the contract period. Expenditures incurred by June 30, 2024, but not paid as of June 30, 2024, are considered “accruals” and must be included in the Expenditure Report and listed in the Schedule of Expenditure Accruals. These accruals must be liquidated (i.e., paid) by **July 26, 2024**. An update on the status of these accruals must be submitted by **August 9, 2024**.

If any accruals do not materialize, a “Revised Final Closeout” package must be submitted to reflect the reduction in expenditures and return of unused cash.

2. Unliquidated Obligations:

Unliquidated obligations are funds obligated, but for which goods or services have not been received or an accrued expenditure has not been recorded. Therefore, any unliquidated obligations as of June 30, 2023, are **not** accrual and must not be reported in the final closeout report as such. These unliquidated obligations are considered unearned grants.

D. EXPENDITURE LIMITATIONS:

1. Administrative Costs (for WIOA and all other Workforce Grants):

Administrative costs, as defined in the Workforce and Innovation and Opportunity Act (WIOA) 20 CFR §683.215 has been the standard definition used by the City for all WIOA and Workforce programs. These administrative costs must be tracked and reported separately from program costs.

The maximum administrative costs that will be allowed will be up to the administrative cost cap set forth in the City-approved budgets and/or contracts.

Most are currently capped at 4% of the contract. However, the final allowable administrative costs will be reduced proportionately in cases where funds are not fully expended and/or program expenditures are disallowed in an audit, fiscal and/or program review conducted by the City, grant monitors, and/or outside independent auditors.

2. Salary and Bonus Limitations (for WIOA grants only):

The salary and bonus of an individual, either as direct or indirect costs, may not exceed the annual rate of basic pay prescribed for Level II of the Executive Schedule (Schedule 5) as prescribed in Executive Order No. 14113 – Adjustments of Certain Rates of Pay pursuant to Title 5, USC 5332 and others USC 5313.

The most recent annual rates are:

Year	Limit	Effective Date
2021	\$ 199,300	January 1, 2021
2022	\$ 203,700	January 1, 2022
2023	\$ 212,100	January 1, 2023
2024	\$ 221,900	January 1, 2024

The salary and bonus limitation must be **prorated** based on the amount of time an employee is dedicated to a WIOA grant program.

3. Other Expenditure Requirements for WIOA-funded WorkSource and Youth Source Centers:

Please refer to the Year 24 Workforce Development Plan Annual Plan Policies for the most recent requirements on training, out-of-school, work experience, and other training and/or participant-related cost expenditures and/or consult your EWDD program monitor.

E. UNEARNED GRANT:

Any remaining unexpended cash received from the City that is in excess of the total final allowable expenditures is considered an unearned grant and must be returned promptly to the City.

F. INDIRECT COST RATE:

Indirect Costs may be recovered if an indirect cost rate was approved by the indirect cost Federal cognizant agency (for direct Federal grant recipients), another pass-through entity, by EWDD FMD or if the use of a 10% *de minimis* rate had been requested and approved.

If the indirect cost rate was provisional, a final rate must be requested within six months after the end of the fiscal and/or calendar year used. However, if the final rate is higher than the provisional rate, then funds may not be available to recover the additional indirect costs. Or, if the final rate is lower than the provisional rate, then the indirect cost

must be recalculated, and any overpayment must be returned to the City within thirty (30) calendar days after receipt of the final rate.

For WIOA and all Workforce grants, indirect costs must also be properly broken down between administrative and program costs using the definitions described in WIOA 20 CFR 683.215. The administrative portion of the indirect costs, together with all other direct administrative costs, will be subject to the administrative cost cap set forth in the City contract or approved budget. Improper classification may result in questioned or disallowed costs.

(See Program Year 24 Workforce Development Board Annual Plan for PY 2023-2024, Chapter 6 - Revised Policies, Indirect Cost Rate Policy.)

G. INCOME:

Program income is the income received that is directly generated by the City's programs or earned because of the City contract during the contract period. Interest income is the interest earned on advanced funds received under the City's contracts. If approved by the City, program and/or interest income may be expended first before using grant funds. Any remaining unexpended program and/or interest income must be returned to the City, together with the Final Closeout package.

H. STAND-IN COSTS:

Stand-in costs are allowable costs incurred for the program but paid for with non-federal sources. They may be used to **substitute** disallowed costs if they meet the following criteria:

- Must have been incurred in the same period as the costs that they are proposed to replace;
- Must not cause a violation of the administrative and/or other cost limitations;
- Must be recorded in the official books of accounts; and
- Must be reported in the Expenditure Reports (Section B, Line #6) submitted to the City. **The Final Closeout report for the period ended June 30, 2024, will be the last opportunity to report stand-in costs for FY 2023-2024.**

The City will not accept stand-in costs that do not meet these criteria.

I. UNCLAIMED OR OUTSTANDING CHECKS:

When one or more checks is/are unclaimed or outstanding, the State's escheat law, as currently outlined in the State Controller's Office (SCO) Unclaimed Property Reporting Handbook at http://sco.ca.gov/Files-UPD/guide_upd_updlaw.pdf must be followed. However, an unclaimed or uncashed check determined not due to a payee must be voided or canceled and the funds returned to the City within 30 days.

J. CREDITS AND OTHER ADJUSTMENTS:

Applicable credits such as rebates, discounts, refunds, and overpayment adjustments, as well as interest earned on any refund, rebate, dispute or overpayment adjustment applicable to the City must be credited as a reduction of final closeout expenditures reported to the City if received on or before August 9, 2024. Credits and adjustments received on or after August 10, 2024, must be returned to the City within thirty (30) calendar days after receipt.

K. AUDITS AND FISCAL REVIEWS:

Annual audit cycles must be completed in accordance with 2 CFR 200-Subpart F: Audit Requirements and the City Contract Sec.608. The Single Audit reports are due no later than nine (9) months after the end of the fiscal/calendar year used. Non-completion of the Single Audit automatically places a subrecipient on "audit sanction" (i.e., no cash will be released), effective the day the Single Audit report is delinquent and until the final, official Single Audit report is filed.

Outstanding Fiscal Review and/or Single Audit findings **must be resolved as soon as possible or by July 28, 2024.**

The City reserves the right to audit post closeout and prior years, require supporting documentation and schedules for reported expenditures, disallow costs, and recover funds based on these audits or fiscal reviews.

FMD will utilize and implement the required reports, schedules, documentation and all applicable policies under this Closeout Directive as part of its Fiscal Review process for FY 2023-2024. The FMD Auditor reviewing the Final Closeout report may request additional supporting documentation for selected items of payroll and non-payroll costs (e.g., payroll time records and registers, invoices, checks, vouchers, cost allocation spreadsheets, supporting schedules and documentation of participants' tuition, supportive services, and gift cards, as applicable, and/or other accounting records).

Additionally, any **Specific Conditions to Correct Fiscal Deficiencies** imposed on subrecipients must be complied with by the deadline for the submission of the Final Closeout package.

L. REFUND CHECKS:

Refund checks resulting from excess cash, unearned grant, unliquidated accruals, unexpended program and/or interest income, disallowed costs, tuition refunds, rebates, and other applicable credits must be included in the Final Closeout package.

Any refund due to the City received or determined after August 9, 2024, must be sent to the City within thirty (30) calendar days, together with a Revised Final Closeout report and a duly signed cover letter identifying the appropriate City contract number, grant or funding source, and the reason(s) for the refund.

EWDD CONTACTS:

If you have any questions regarding any section/topic of this directive, please contact the following:

Dr. Fernando Campos at Fernando.Campos@lacity.org;
Evelyn Roque at Evelyn.Roque@lacity.org; and/or
Glenn Hino, Glenn.Hino@lacity.org

The TTY number is (213) 744-9395.

Enclosures:

Attachment #1: Schedule of Expenditure Accruals
Attachment #2: General Ledger and Expenditure Report Reconciliation Report
Attachment #3: Closeout Forms

Schedule of Expenditure Accruals
Economic and Workforce Development Department

Agency Name:		City Contract No.:	
Grant/Funding Source:		Contract Period:	
WIOA Funding Stream:		For the Period Ended:	

Ref # (A)	Date Cost Incurred (B)	Vendor Name (C)	General Ledger Account (D)	City Budget Line Item (E)	Accrued Amount (F)	Status as of 8/9/2024			Remarks
						Liquidated		Unliquidated Balance (I) = (F)-(H)	
						Date (G)	Amount (H)		
								-	
								-	
								-	
								-	
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								-	
								-	
								-	
Total					-		-	-	

General Ledger vs. Expenditure Report Reconciliation

Name: _____		Contract #: _____		Qtr End: _____						
Program Year: _____		Grant: _____								
GL Account #	Account Name	Approved Budget			General Ledger (D)	Expenditure Report			Difference (H)=(D-G)	Remarks
		Admin (A)	Program (B)	Total (C)=(B+C)		Admin (E)	Program (F)	Total (G)=(E+F)		
PERSONNEL COSTS										
	Salaries			-				-	-	
	Fringe Benefits									
	FICA			-				-	-	
	SUI			-				-	-	
	Medical & Others			-				-	-	
	Dental/Vision/Life			-				-	-	
	Life			-				-	-	
	Workers Comp-Staff			-				-	-	
	Long Term Care			-				-	-	
	Pension			-				-	-	
	Subtotal: Fringe Benefits	-		-				-	-	
	Total: Personnel Costs	-	-	-	-	-	-	-	-	
OTHER COSTS:										
				-				-	-	
				-				-	-	
				-				-	-	
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				-				-	-	
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	Total: Other Costs	-	-	-	-	-	-	-	-	
PARTICIPANT-RELATED COSTS:										
				-				-	-	
				-				-	-	
				-				-	-	
				-				-	-	
	Total: Participant-Related Costs	-	-	-	-	-	-	-	-	
SUBCONTRACTOR COSTS:										
				-				-	-	
				-				-	-	
				-				-	-	
	Total: Subcontractor Costs	-	-	-	-	-	-	-	-	

General Ledger vs. Expenditure Report Reconciliation

Name: _____		Contract #: _____			Qtr End: _____					
Program Year: _____		Grant: _____								
GL Account #	Account Name	Approved Budget			General Ledger (D)	Expenditure Report			Difference (H)=(D-G)	Remarks
		Admin (A)	Program (B)	Total (C)=(B+C)		Admin (E)	Program (F)	Total (G)=(E+F)		
INDIRECT COSTS:										
				-				-	-	
				-				-	-	
	Total: Indirect Costs	-	-	-	-	-	-	-	-	
CAPITAL COSTS:										
				-				-	-	
				-				-	-	
	Total: Capital Costs	-	-	-	-	-	-	-	-	
	GRAND TOTAL	-	-	-	-	-	-	-	-	

Prepared By:
 Name: _____ Title: _____ Date: _____

Reviewed and Approved By:
 Name: _____ Title: _____ Date: _____

**Economic and Workforce Development Department
City of Los Angeles**

SUBRECIPIENT RELEASE

Pursuant to the terms of Contract No. _____ and in consideration of the sum
of _____ dollars/cents, \$ _____
(Total accrued expenditures)
(Dollars/Cents)

which has been, or is to be paid under the said Contract to:

(Subrecipient's Name and Address)

hereafter called the Sub recipient or to its assignees, if any, the Subrecipient upon payment of the
said sum by the Economic and Workforce Development Department, City of Los Angeles,
hereafter, called the City, does remit, release, and discharge the City, its officers, agents and
employees, of and from all liabilities, obligations, claims, and demand whatsoever under or rising
from the said Contract.

IN WITNESS WHEREOF, this release has been executed this _____ day of
_____, 2024.

Name of Authorized Representative

Signature

Title

**Economic and Workforce Development Department
City of Los Angeles**

SUBRECIPIENT'S ASSIGNMENT OF REFUNDS, REBATES AND CREDITS

Subrecipient Name: _____

Street Address: _____ Contract No.: _____

City, State & Zip: _____, CA _____.

Pursuant to the terms of Contract No. _____, and in consideration of the reimbursement of costs and payment of fee, as provided in the said agreement and any assignment thereunder, the

(Subrecipient's Name)

(hereafter called the Subrecipient), does hereby:

- X Assign, transfer, set over and release to the Economic and Workforce Development Department, City of Los Angeles (hereafter called the City), all right, title, and interest thereon, arising out of the performance of said Contract together with all the rights of action accrued or hereafter accrue thereunder.
- X Agree to take whatever action may be necessary to effect prompt collection of all such refunds, rebates, credits, or other amounts (including any interest thereon), due or which may become due, and to forward promptly to the City checks (made payable to the City of Los Angeles), for all proceeds so collected. The reasonable cost of any such action to effect collection shall constitute allowable costs when approved by the City, as stated in the said Contract and may be applied to reduce any amounts otherwise payable to the City of Los Angeles under the terms thereof.
- X Agree to cooperate fully with the City of Los Angeles as to any claims or suit in connection with such refunds, rebates, credits, or other amounts due (including any interest thereon); to execute any protest, pleading, application, power of attorney, or other papers in connection therewith; and to permit the City to represent it at any hearing, trial or other proceeding arising out of such claim or suit.

IN WITNESS WHEREOF, this assignment has been executed on this _____ day of _____, 2024.

Name of Authorized Representative

Signature

Title

Employer ID No. _____

CONTRACT CLOSEOUT TAX CERTIFICATION

In the performance of Contract No. _____, I certify that I have complied with the requirements of the law, and the Economic and Workforce Development Department, City of Los Angeles, regarding the obtaining of employer identification/account numbers, collection, payment, deposit, and reporting of Federal, State and local taxes and the provision of W-2 forms to employees/enrollees who are not now my employees. For present employees/enrollees, formerly employed under the award, W-2 forms will be furnished as specified in Circular E of the Employers' Tax Guide.

IN WITNESS WHEREOF, this assignment has been executed this _____ day of _____, 2024.

Subrecipient Name

Subrecipient Address

Name of Authorized Representative

Signature

Title