

# CITY OF LOS ANGELES

CALIFORNIA

CAROLYN M. HULL  
GENERAL MANAGER



**ECONOMIC AND WORKFORCE  
DEVELOPMENT DEPARTMENT**

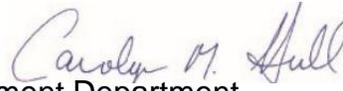
1200 W. 7<sup>TH</sup> STREET  
LOS ANGELES, CA 90017

ERIC GARCETTI  
MAYOR

**DATE:** November 29, 2021

**TO:** LA:RISE CDBG-COVID Service Providers

**FROM:** Carolyn M. Hull, General Manager  
Economic and Workforce Development Department



**SUBJECT: WDS DIRECTIVE No. 22-08  
CLOSEOUT INSTRUCTIONS FOR LOS ANGELES REGIONAL  
INITIATIVE FOR SOCIAL ENTERPRISE COMMUNITY DEVELOPMENT  
BLOCK GRANT COVID FOR PROGRAM YEAR 2020-2021**

## **EFFECTIVE DATE**

This directive is effective on date of issue.

## **PURPOSE**

The purpose of this directive is to provide closeout instructions for all City of Los Angeles (City) service providers and contractors (professional services) for Los Angeles Regional Initiative for Social Enterprise (LA:RISE) Community Development Block Grant COVID (CDBG COVID) Program expiring on December 31, 2021.

## **BACKGROUND**

The LA:RISE program provides transitional jobs and other employment services to hard-to-employ participants such as those with a history of homelessness or at-risk of homelessness. The CDBG-COVID funds were used to provide job training/work experience in work related to COVID relief efforts. The projected Program Year 20/21 funding for LA:RISE CDBG-COVID was \$2 million to serve a total of 299 individuals. The Economic and Workforce Development Department (EWDD) received an initial commitment of \$750,000 to serve 117 individuals with the additional funding awaiting City Council approval. The grant term designated was February 1, 2021 to June 30, 2022. In early September, the Department was notified that the additional \$1.25 million in CDBG-COVID funds would not be granted to EWDD. Based on the feedback from the agencies regarding projected expenditure through August 31, 2021 and taking into consideration that the first installment goals were met during the initial 6-month period, EWDD will proceed with a fiscal close-out effective December 31, 2021.

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

## POLICIES AND PROCEDURES

### A. Closeout Timeframes/Deadlines:

DEADLINE	BUDGETS / EXPENDITURES
December 31, 2021	Last day to incur expenditures. Expenditures beyond this date are <b>not</b> allowable.
January 14, 2022	Deadline for submission of the December 2021 invoice.
January 31, 2022	Deadline for submission of the Final Closeout package.
February 15, 2022	Last day to liquidate or pay all expenditure accruals included in the Final Closeout report.
February 28, 2022	Deadline for submission of the <b>Schedule of Expenditure Accruals – Status Update.</b>

If additional time is needed to complete the closeout report, please contact Rose Tang, Director of FMD, at [Rose.Tang@lacity.org](mailto:Rose.Tang@lacity.org) on or before January 31, 2022 and provide the justification for the request for extension. Each request will be considered on a case-to-case basis.

### 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 Reconciliation with ER (see Attachment #2),
- 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) by January 14, 2022, 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 **February 28, 2022**. Columns G, H, and I of the schedule must be filled out.

If any of these 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  
Financial Management Division  
Attn: Rose Tang, Director  
1200 W. 7<sup>th</sup> Street, 6<sup>th</sup> Floor  
Los Angeles, CA 90017

An electronic copy must also be emailed to [EWDDfinancial@lacity.org](mailto:EWDDfinancial@lacity.org) and to the LA:RISE program monitor.

C. Expenditures

1. Final Expenditures

The Final Closeout reports must reflect the total cumulative final expenditures and must be supported by performance for the period ended December 31, 2021. 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. 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 but not paid as of December 31, 2021, 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 . An update on the status of these accruals must be submitted by February 28, 2022. If any accruals do not materialize, a Revised Final Closeout package must be submitted to reflect the reduction in expenditures and return 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 December 31, 2021

are **not** accruals and must not be reported in the final closeout report as such. These unliquidated obligations are considered unearned grants.

#### D. Expenditure Limitations

##### Indirect Cost Rate and Administrative Costs:

Administrative costs must meet the specific conditions set forth by the US Treasury for CARES Act funds and FMD Directive 21-001, Indirect Cost Policy and Procedures, Charging Indirect Costs to Corona Virus, Relief Funds. Under these guidelines, the application of an indirect cost rate is not allowable. However, administrative costs normally included in an indirect cost pool may be allowable if sufficient documentation (e.g., time tracking) to support the direct benefit to the LA RISE CDBG - COVID program is maintained. In other words, these indirect administrative costs may be eligible direct administrative costs. Examples of these costs are the salaries and fringe benefits of administrative staff involved in the disbursement of funds, reporting, management, and oversight of the LA RISE CDBG - COVID program. If additional technical assistance is needed, please contact the Financial Management Division.

#### E. Unearned Grant

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

#### F. 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 maybe 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.

#### G. 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:

1. Must have been incurred in the same period as the costs that they are proposed to replace;
2. Must not cause a violation of the administrative and/or other cost limitations;
3. Must be recorded in the official books of accounts; and
4. Must be reported in the Expenditure Reports (Section B, Line #6) submitted to the City. **The Financial Closeout report for the period ended December 31, 2021 will be the last opportunity to report stand-in costs for FY 2021-2022.**

#### H. 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](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.

I. 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 January 31, 2022. Credits and adjustments received after January 31, 2022 must be returned to the City within 30 days after receipt.

J. 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 months after the end of the fiscal/calendar year used. Non-completion of the Single Audit automatically puts 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.

However, the City is implementing a six-month extension for single audit submission allowed by the Office of Management and Budget (OMB) memorandum issued on March 19, 2021. The extension applies to any single audit that has not been filed as of March 19, 2021 and will include all entities with fiscal year-ends through June 30, 2021.

The OMB allows subrecipients that have not filed their single audits with the Federal Audit Clearinghouse as of March 19, 2021, the following extensions:

Non-Federal Entity's Year End	Initial Due Dates	Extended Due Dates
March 31, 2020	December 31, 2020	June 30, 2021
June 30, 2020	March 31, 2021	September 30, 2021
September 30, 2020	June 30, 2021	December 31, 2021
December 31, 2020	September 30, 2021	March 31, 2022
March 31, 2021	December 31, 2021	June 30, 2022
June 30, 2021	March 31, 2022	September 30, 2022

Notwithstanding the above extensions to complete and submit single audits, please resolve any outstanding fiscal review and/or Single Audit findings as soon as possible or by December 31, 2021.

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 21-22. 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 as applicable, and/or other accounting records.

Additionally, any **Specific Conditions to Correct Fiscal Deficiencies** imposed on subrecipients must be complied with by January 31, 2022, the deadline for submission of the Final Closeout package.

#### K. 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 January 31, 2022 must be sent to the City within 30 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.

### **CALJOBS CLOSE-OUT INSTRUCTIONS**

#### CalJOBS<sup>SM</sup> Data

Agencies should ensure that all data entries and activity codes are up to date and current in the CalJOBS<sup>SM</sup> system through December 31, 2021.

All Regional LA:RISE Agency Defined Application milestones must be updated prior to any record closure including total hours of transitional employment completed, job readiness status, support services provided, retention services provided, change in housing status.

All matching of Agency Defined and WIOA Title 1 Applications must be completed. Job placements updated. Case notes must be updated to inform of participant status and services received.

As reminder, all LA RISE participants **MUST** have an agency defined program application AND a Title I - WIOA application. Without the Title I WIOA application, EWDD will not be able to record crucial demographic data, nor track placements and employment information.

#### Activity End Dates

- Activity's actual end date will be on or before the Close-out date (December 31, 2021): Close the activity with the appropriate Activity Completion Status and actual end date.
- Activity's actual end date goes beyond the Close-out date (December 31, 2021): Close the activity and enter an Activity Completion Status as "Successful Completion" with December 31, 2021 as the end date.

Case Closures

- Participant has completed all activities and is ready to be exited: Create a case closure.
- A closure will be created for ALL enrolled participants in the Regional LA RISE CDBG-COVID (EWDD) Program.
- For regular Regional LA:RISE Agency Defined Application Record Closures:
- Case Managers shall use the following “Exit Reasons”
- “Successful Completion Employed” = Gained unsubsidized permanent employment
- “Planned Services Completed” = Completed 300 hours of TSE and passed 2 JRAs with a score of 3 or higher and will no longer receive further services
- “Planned Services Not Completed” = Dropped out of the program before completion of 300 hours or before passing the JRAs
- Dropped out of the program (did not start the program)

WIOA Title 1 Applications

WorkSource Center Case manager must ensure that all records with LA City CDBG-COVID (EWDD) local grant code LAI518 and activity code 321 transitional job is closed by December 31, 2021.

**EWDD CONTACTS**

We thank you in advance for your cooperation. If you have any questions or require further information about this directive, please contact the following:

Financial Management Division	LA:RISE Unit	MIS Unit
Rose Tang, <a href="mailto:Rose.Tang@lacity.org">Rose.Tang@lacity.org</a>	Elizabeth Macias, <a href="mailto:Elizabeth.Macias@lacity.org">Elizabeth.Macias@lacity.org</a>	Emoli Mendez, <a href="mailto:Emoli.Mendez@lacity.org">Emoli.Mendez@lacity.org</a>
Roveilene Ignacio, <a href="mailto:Roveilene.Ignacio@lacity.org">Roveilene.Ignacio@lacity.org</a>		
Glenn Hino, <a href="mailto:Glenn.Hino@lacity.org">Glenn.Hino@lacity.org</a>		
TTY: 711		

CMH:GR:EM:cg

- Attachments:
1. Schedule of Expenditure Accruals
  2. General Ledger and Expenditure Report Reconciliation Report
  3. Closeout Forms