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<td>Adult Education and Family Literacy Act</td>
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<td>MOE:</td>
<td>Maintenance of Effort</td>
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<td>CPO:</td>
<td>Chief Procurement Officer</td>
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<td>National Reporting System</td>
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1.0 PURPOSE OF MANUAL

The primary purpose of the manual is to set forth the policies, procedures and guidelines intended to assist eligible recipients in the proper administration of adult education and literacy programs at the local level and ensure that all federal Adult Education Family Literacy Act (AEFLA) and state funds are lawfully expended. This manual provides programmatic information on how AEFLA and state funds are used at the local level once an eligible recipient’s application is approved for funding. It includes information on the process used by the Louisiana Community and Technical College System (LCTCS) to review budget information; the process by which successful applicants request reimbursement; how to determine whether a cost is allowable; required fiscal and programmatic reports and their respective due dates; and the process used by WorkReady U (WRU) to monitor eligible recipients for compliance. The manual provides eligible recipients with a single point of reference for all post-award compliance requirements.

Additionally, the Legislative Auditor of Louisiana and the U.S. Education Department’s Office of Inspector General (OIG) and Office of Career, Technical and Adult Education (OCTAE) may rely on the procedures and internal controls described herein, in part, to assess LCTCS WRU’s compliance with the AEFLA, the Education Department General Administrative Regulations (EDGAR), and the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R. Part 200 or Part 200).

This manual was not designed, nor should it be construed as, a description of the policies and procedures of other programmatic divisions within LCTCS. It is an organic document which will be periodically updated to reflect significant changes at LCTCS and/or WRU.
2.0 ABOUT LCTCS AND WORKREADY U

This section of the manual provides background information on LCTCS WRU and the grants it administers.

2.1 WorkReady U Organizational Structure and Functions

The LCTCS has a number of different offices. Not all of LCTCS’ offices have direct responsibilities for adult education grant administration and only those offices with such responsibilities will be discussed here. These offices include: (1) the WorkReady U Office; (2) the Finance and Administration Office; and (3) the Internal Audit Office.

- The WorkReady U Office is primarily responsible for programmatic aspects of the grant and manages the day-to-day grant functions of the AEFLA and adult education state grants. Particularly, the WRU Office is responsible for managing the student data management system (SIS) and the High School Equivalency data management system, as well as conducting the Request for Proposal (RFP) process; managing the local grant application process; calculating allocations; issuing Grant Award Notifications (GANs) to recipients; reviewing local budgets and plans; monitoring programmatic compliance and providing technical assistance; establishing and overseeing the high school equivalency testing program for the state; managing high school equivalency records; and processing and issuing high school equivalency credentials.

- The Finance and Administration Office is primarily responsible for the fiscal aspects of the grant and houses a number of sub-offices or divisions. These sub-offices/divisions include: Facilities, Finance, and Human Resources. The Finance and Administration Office is responsible for, among other things, overseeing the accounts payable and receivable functions at the state level as well as processing grant payments to eligible recipients (reimbursements), monitoring and managing the budget allocations for WRU at the state level, monitoring the procurement and inventory processes at the state level, and putting together the annual U.S. Department of Education (USDE) Financial Status Reports (FSRs) for WRU.

- The Internal Audit Office is responsible for monitoring subrecipients for fiscal compliance.

2.2 WorkReady U Grants

WRU administers federal and state supported grants. LCTCS acts as the pass-through agency for AEFLA grants. The AEFLA, a federal law, can be found in Title II of the Workforce Innovation and Opportunity Act (WIOA) which was signed by President Barack Obama in 2014. Part of the AEFLA’s stated purpose is to assist adults with becoming literate, obtaining the knowledge and skills necessary for employment and self-sufficiency, and obtaining the skills necessary to lead to sustainable improvements in the economic opportunities of their family. In addition to the federal grants provided under the AEFLA, WRU also administers adult education grants supported with state funds. Subject to availability, eligible recipients may apply for and be awarded any or all of the following grants:
A. Adult Education Federal Grants
   - Adult Education Federal Basic Grant
   - Adult and Family Literacy Grant
   - English Language/Civics Education ("EL/CIVICS") Grant

B. Adult Education State Grant

WRU requires that the federal and state program awards adhere to the same authoritative regulations for AEFLA funds regarding allowable expenditures. Since the state is required to complete annual FSR reports and show that it matched all AEFLA funds spent on administration with nonfederal funds, WRU uses the state flow-through amount to recipients as part of the applicable match. Recipients shall not use federal and state funds for the administration of the high school equivalency (HSE) testing program.

2.3 Local Grant Applications

Pursuant to AEFLA Section 232, in order for an eligible applicant to be allocated AEFLA grant funds and/or state grant funds, the eligible applicant must submit an annual application which must be approved by LCTCS, WRU.

The application shall describe how AEFLA and/or state grant funds will be used to provide mandated adult education activities with respect to state and local levels of performance and how the recipient will ensure compliance with AEFLA, WIOA and State requirements. The application shall contain such information and assurances as the LCTCS may require, including but not limited to -

(1) a description of how funds awarded under this title will be spent consistent with the requirements of the AEFLA;
(2) a description of any cooperative arrangements the eligible applicant has with other agencies, institutions, or organizations for the delivery of adult education and literacy activities;
(3) a description of how the recipient will provide services in alignment with the local plan under WIOA Section 108, including how the recipient will promote concurrent enrollment in programs and activities under Title I of the WIOA, as appropriate;
(4) a description of how the recipient will meet the state adjusted levels of performance described in Section 116(b)(3) of the WIOA, including how such provider will collect data to report on such performance indicators;
(5) a description of how the eligible provider will fulfill one-stop partner responsibilities as described in Section 121(b)(1)(A) of the WIOA, as appropriate;
(6) a description of how the eligible provider will provide services in a manner that meets the needs of eligible individuals; and
(7) information that addresses the considerations described under Section 231(e) of the WIOA, as applicable.
3.0 FISCAL POLICIES AND PROCEDURES

This section describes the budget and reimbursement process for WRU grants and the fiscal policies and procedures that successful applicants are expected to be aware of and adhere to.

3.1 Grant Award Notifications (GAN)

The grant funds received by the local eligible program shall be expended for the purpose of the grant and in a manner consistent with fiscal requirements. Grant funds will be distributed utilizing a performance-based funding formula. After the subawards are determined, Grant Award Notifications (GANs) are issued to successful grant applicants and budgets must be prepared for the GAN amount. Additionally, the award amount for each subrecipient is provided to the LCTCS Finance Division.

If the GAN is for a federal subgrant, the GAN will include the following: (1) subrecipient name; (2) subrecipient’s unique identifier; (3) federal award identification number (FAIN), also known as the PR/Award number; (4) federal award date; (5) subaward period of performance start and end date; (6) amount of federal funds obligated by this action; (7) total amount of federal funds obligated to the subrecipient; (8) federal award project description; (9) name of federal awarding agency, pass-through entity, and contact information for awarding official; (10) CFDA number and name; and (11) indirect cost rate.

Additionally, the GAN must also include:

- All requirements imposed by LCTCS, WRU, as the pass-through entity, on subrecipients to ensure that grant funds are used in compliance with federal statutes, regulations, and the terms and conditions of the federal award;
- Any additional requirements that LCTCS, WRU imposes on the subrecipient in order for LCTCS, WRU to meet its own responsibilities, including identification of any required financial and performance reports;
- An approved federally recognized indirect cost rate negotiated between the subrecipient and the federal government or, if no such rate exists, either a rate negotiated between LCTCS, WRU as the pass-through entity, and the subrecipient, or a de minimis indirect cost rate;
- A requirement that the subrecipient allow LCTCS, WRU and auditors to access the subrecipient’s records and financial statements as necessary; and
- Appropriate terms and conditions regarding subaward closeout.

3.2 General Budget Form Information

Federal Awards [AEFLA Section 233 (a)]

Recipients must classify all proposed expenditures within two types of service categories:

1. **Instructional Costs** - At least 95% of federal funds must be expended for adult education instructional activities.
2. **Administrative Costs** - Administrative costs may not exceed 5% of the total grant award.

Under AEFLA section 233(a)(2), local administration activities can include accountability
reporting, professional development, and activities geared toward alliance with the local plan and fulfilling one-stop partner responsibilities. Examples of allowable costs may include:

- Salaries of program administrators, supervisors;
- Non-instructional expenses;
- Clerical (personnel involved in clerical activities);
- Administrative fringe benefits as required for salaried positions;
- Administrative travel to state meetings relating to administering adult education courses and educational activities; and
- Indirect Costs (if applicable).

Note: The Federal Leadership funds awarded to recipients are intended to be used for capacity building activities to improve program performance. The Leadership GAN will specify the intended use of the designated funds. Although the budget must differentiate the Instructional and Administrative costs for the planned activities, if approved in writing by WRU, the administrative allowance may exceed the 5% cap.

State Awards
Recipients must classify all proposed expenditures within two types of service categories:

1. **Instructional Costs** - At least 75% of state funds must be expended for adult education instructional activities.
2. **Administrative Costs** - Administrative costs may not exceed 25% of the total grant award. Local administration activities can include accountability reporting, professional development, and activities geared toward alliance with the local plan and fulfilling one-stop partner responsibilities. Examples of allowable costs may include:

   - Salaries of program administrators, supervisors;
   - Non-instructional expenses;
   - Clerical (personnel involved in clerical activities);
   - Administrative fringe benefits as required for salaried positions; and
   - Administrative travel to state meetings relating to administering adult education courses and educational activities.

**Correctional Facility/Institutionalized Individuals Educational Services**
LCTCS supports educational programs for criminal offenders in correctional institutions and for other institutionalized individuals. Local WRU programs may opt to provide educational programs at local correctional facilities for incarcerated/institutionalized individuals. However, no more than 6% of their federal and/or state award may be dedicated to programs at correctional institutions.

Correctional institutions may include any “prison, jail, reformatory, work farm, detention center, or halfway house, community-based rehabilitation center or any other similar institution designed for the confinement or rehabilitation of criminal offenders.” [WIOA, Section 225]

The budget forms provide a separate column for itemizing correctional expenditures. Recipients must also classify all proposed correctional expenditures within two types of service categories:
1. **Instructional Costs** *(Refer to the Federal and State Fund Award information listed above.)*

2. **Administrative Costs** *(Refer to the Federal and State Fund Award information listed above.)*

### 3.3 WRU Budget Workbook

Along with the GAN, successful applicants will receive the WRU Budget Workbook. The Budget Workbook includes all required fiscal forms (including the original budget summary and detail which must be filled out and returned to LCTCS by September 15), instructions for completing the forms and due dates. Specifically, in addition to the instructions, definitions and other pertinent information, the Budget Workbook (which is attached to this manual as Appendix A) includes the following forms:

1. Adult Education (AED) Original Budget Summary
2. Adult Education (AED) Original Budget Detail
3. AED Budget Revision Summary (1-8)
4. AED Budget Revision Detail (1-8)
5. Reimbursement Request
6. Maintenance of Effort (MOE) (worksheet and statement)
7. Program Income (PI) (Certification, Expenditure Report, and Budget Forms)

In filling out the forms, subgrantees should adhere to the following policies and procedures:

**Original Budget Summary/Detail Form**

1. Each line item amount on the Summary Form must correspond to the line item amount on the Detail Form.
   a. The Summary Form must list the total amount for each line item; and
   b. The Detail Form must provide a clear, concise explanation for each line item expenditure.
2. Budget information must be submitted via email to the LCTCS Finance Office, [lctcsgrants.edu](mailto:lctcsgrants.edu), with a copy to Tawn Augustus, tau gustus@lctcs.edu, and Mary Gray, marygray@lctcs.edu. You will receive an automatic reply that your message was received. Please keep the email receipt on file.
3. Finance will conduct an initial budget review to check for the following:
   a. Signatures - signed by recipient’s Executive Officer and/or the designee(s);
   b. Line item expenditures and details correspond;
   c. Specific details are included for each line item;
   d. Administrative Expenditure(s)
      i. Federal Funds: Administrative Cost shall not exceed 5% of total award.
      ii. State Funds: Administrative Cost shall not exceed 25% of total award.
   e. Correctional Expenditure(s)
      i. For any recipient opting to provide services at a local correctional facility, expenditures shall not exceed 6% of total award.
4. After the initial review, LCTCS WRU staff will review for AEFLA and/or state allowable expenditures.
5. Budgets receiving final approval will be signed by the LCTCS WRU Director and Executive Director.
Approved budgets will be sent electronically to the local WRU Program Director and filed in LCTCS Finance Office. The local WRU Program Director is responsible for forwarding the information to their institutional finance department.

**Budget Revision Forms**

1. Budget revisions may be necessary when (1) additional funds are awarded after the original allocation, or (2) the need of the recipient or a specific program vary from the approved application.
2. Recipients will not have to seek approval for any line item change up to and including 5%. For all other budget changes, approval must be obtained through submitting a budget revision form. Budget revisions must be submitted if the intent of the revision is new or different from the existing approved budget.
3. Budget revisions may not be submitted until the original budget has been approved.
4. Budget revision(s) must be completed in detail, giving specific descriptions of the object codes being affected and justification for the revision. The justification must explain exactly why the revision is necessary. Unclear or imprecise justifications will result in the revision not being approved.
5. Each line item amount on the Budget Revision Summary Form must correspond to the line item amount on the Detail Form.
6. Completed budget revision forms must be signed by the recipient’s Executive Officer and/or the designee(s).
7. Budget revisions follow the same approval process as the original budget (refer to #2-6).
8. Budget revisions must be approved by LCTCS before implementing any activities related to the revision such as: adding personnel, issuing purchase orders, receiving goods, providing services, or encumbering funds.
9. Budget revisions may be submitted throughout the program year but must adhere to end-of-the-year deadlines.
10. State Funds: Budget revisions are due to the LCTCS Finance Office by June 25th.
11. Federal Funds: Budget revisions are due to the LCTCS Finance Office by September 25th. If the due date falls on the weekend, requests will be due the next business day.

**Reimbursement Request Form**

1. The LCTCS Finance Office oversees all payments made to recipients. The recipients’ budgets are loaded into the Banner (LCTCS’ electronic financial management system) as one total amount. Additionally, the LCTCS Finance Office maintains a separate spreadsheet in Access (a computer program) that details each recipient’s budget by line item.
2. Recipients must also maintain a working budget. Each recipient is responsible for ensuring that their budget is updated as budget revisions are approved and payments are made.
3. WRU grant funds are distributed based on a 100% reimbursement system. This means that once the recipient obligates funds, the recipient must first pay the obligation with local funds prior to requesting a reimbursement of grant funds.
4. Once a disbursement of local funds has been made, the recipient may request funds from LCTCS Finance Office using the reimbursement request form. Note: Program Income collected by the recipient must be expended on AEFLA allowable costs before reimbursement requests are submitted to LCTCS finance. Refer to Section 5.0, Program Income for additional information.
Procedure for Claiming Reimbursement:
5. Ensure that the top portion of Request for Reimbursement form is complete.
6. Submit completed reimbursement request via email to the LCTCS Finance Office, lctcsgrants@lctcs.edu, with a copy to Tawn Augustus, taugustus@lctcs.edu, and Mary Gray, marygray@lctcs.edu. You will receive an automatic reply that your message was received. Please keep the email receipt on file.
7. Reimbursement requests may be submitted at any time during the month with the exception of end-of-the-year deadlines. However, processing of payments only occurs after the last day of each month. Refer to the Timely obligation of Funds and Calendar section for fiscal year deadlines.
8. LCTCS Finance Office will review the request, contact the recipient if additional information is needed and process the reimbursement payment.

Electronic Funds Transfer (EFT) System (Appendix B)
LCTCS has an Electronic Funds Transfer (EFT) System, which allows funds to be electronically transferred to the account of a vendor. Grant recipients must complete the LCTCS EFT form and be established in the EFT system. The EFT payment may be expected in your account approximately 7-10 business days following the submission deadline.

3.4 Classification of Budget Expenditures

As noted above, recipients must classify all proposed expenditures in one of two service categories: (a) instructional services or (b) administrative services. Within each category, recipients must indicate the amount of funds that will be spent on specific line items based on ten major object codes. Object codes are used to describe the service or commodity obtained as the result of a specific expenditure. Listed below are definitions of the object classes and examples of expenditures.

**Line 1 & 11: SALARIES and WAGES** – Amounts paid to both permanent and temporary employees, including personnel substituting for those in permanent positions. This expenditure includes gross salary for personal services rendered while on the payroll of the subgrantee and work directly with approved activities relating to WorkReady U. Budget narrative information must include all position titles to be funded by the grant, percentages of effort/FTEF/hourly wage information, and a brief description of duties by position as they relate to the grant.

**Line 2 & 12: EMPLOYEE BENEFITS** – Amounts paid by the subgrantee on behalf of employees; these amounts include fringe benefit payments, which may include, Social Security, Worker’s Compensation, deferred compensation, federal unemployment compensation, state unemployment compensation, retirement, and health insurance.

**Line 3 & 13: PROFESSIONAL AND TECHNICAL SERVICES** – Professional or technical services provided by a consultant (i.e., contractor or vendor) to accomplish a specific study, project, task, other work statement or services which, by their nature, can be performed only by persons or firms with specialized skills and knowledge. Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill are allowable, when reasonable and necessary and when not contingent upon recovery of the costs
from the federal funding. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

**Line 4 & 14: PURCHASED PROPERTY SERVICES (OPERATING SERVICES)** – Services purchased to operate, repair, maintain, and rent property owned or used by the subgrantee. These services are performed by persons other than subgrantee employees. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided. Examples include, but are not limited to:

- Shipping, Registration, Subscriptions, Memberships, and Printing
- Software (Licenses, Data Services, Online Seats, etc.)
- Rentals (Office equipment, Buildings and Grounds, IT Equip, Automotive, etc.)
- Memberships and Subscriptions (Institutional Dues or Memberships, Professional Subscriptions, License Fees, Testing Fees, etc.)
- Advertising and Public Relations (Expenditures for announcements in professional publications, newspapers, or broadcasts over radio and television. These expenditures include advertising for such purposes as personnel recruitment, legal advertisements, new and used equipment, and sale of property).

Advertisements are allowable for recruiting grant personnel only as long as the advertisement is not in color and not excessively large. Advertisements are allowed to communicate with the public and press when the costs are considered necessary as part of the outreach effort for the grant. AEFLA funds cannot be used to promote the institution itself. Funds can be used for informational brochures, and magazine, newspaper, television, or radio advertisements —only if— it is directed toward a specific program/service.

- Training (non-conference)
- Postage and freight (postal communications services to establish or maintain postage machine rentals, postage, express delivery services, and couriers)
- Utilities (electricity, natural gas, water service, sewerage, etc.)
- Communication (telephone and voice communication services; data communication services to establish or maintain computer based communications, networking, and internet services; video communications services to establish or maintain one-way or two-way video communications via satellite, cable, or other devices.

**Line 5 & 15: OTHER PURCHASED SERVICES (TRAVEL)** – Services purchased (Separate from Professional and Technical Services or Property Services) for business travel related activities that include Conferences and Conventions both in-state and out-of-state; training and professional development; and monitoring of activities. Note: All out-of-state conferences must have prior written approval. Examples:

- Expenses for transportation, lodging, subsistence and related items
- Louisiana Association for Public, Community and Adult Education (LAPCAE) Conference
- LCTCS Conference Amounts paid for services rendered by organizations or personnel not on the payroll of the subgrantee (separate from professional and technical services or property services).
Regional Resource Center (RRC) workshop/training activities

Travel and Transportation
Travel and transportation costs for LCTCS and recipients’ employees are an allowable expenditure if it will be of documentable benefit to the program and approved by WRU. Travel may include the cost of attendance at state-approved, in-service training activities (professional development) to the extent that the recipient documents that such expenditures directly relate to the improvement of the program being assisted under the AEFLA.

The reimbursement rules for recipients vary depending on organization type:
- Community and Technical Colleges, as well as Community and Faith-Based Organizations, must follow Louisiana’s State Travel Guide, which is also referred to as PPM-49. For more detailed information, please see the Louisiana State Travel Guide, available at http://doa.louisiana.gov/osp/travel/travelpolicy.htm.
- Local educational agencies (LEAs) are reimbursed in accordance with their internal travel regulations promulgated by the school board.

Recipients may not use federal or state grant funds for dependent care costs.

Line 6 & 16: SUPPLIES – Materials and supplies are tangible personal property other than equipment and non-consumable supplies (See section 9.0 Property Management for definitions) used to carry out the grant. Amounts paid for items that are consumed, worn out, or deteriorated through use; or for items that lose their identity through fabrication or incorporation into different or more complex units or substances.

Examples:
- General Office Supplies (pens, pencils, paper, etc.)
- Copier Supplies (ink cartridges, toner, etc.)
- Computer Supplies (jump/flash drives)
- Operating Supplies (wires, adapters, etc.)
- Educational Supplies (instructional materials, text books, etc.)

Line 7 & 17: PROPERTY – Cost of all equipment and non-consumable supplies. See section 9.0 Property Management for definitions.

Examples:
- Computing Devices may be included in this category (if the cost per unit is over $1,000)
- Computers (desktops, laptops, tablets, monitors, etc.)
- Office Equipment (calculators)
- Furniture (desks, chairs, etc.)
- Reproduction and Printing Equipment (copiers, printers, etc.)

Line 8 & 18: OTHER OBJECTS – Not applicable for adult education funds.

Line 9 & 19: OTHER USES OF FUNDS (PROFESSIONAL DEVELOPMENT) – Professional Development. Programs that are high quality, sustained intensive and focused; such programs should assist faculty and personnel in staying current and provide relevant business experience.
Services supporting the professional and technical development of school district personnel, including instructional, administrative, and service employees. Included are course registration fees (that are not tuition reimbursement), charges from external vendors to conduct training courses (at either school district facilities or off-site), and other expenditures associated with training or professional development by third-party vendors.

**Line 20: INDIRECT COSTS** (Administrative Costs) – Indirect costs are incurred for a common or joint purpose benefitting more than one cost objective and include salaries and related benefits of individuals working in accounting, personnel, purchasing functions, rent, depreciation and utilities used by office staff, equipment and services used by everyone: copiers, phone systems, janitorial service, IT support, Board expenses, marketing expenses, grants management, audit, liability insurance, staff training, etc. Regardless of a recipient’s indirect cost rate, the total cost of all direct administrative charges and indirect charges cannot exceed the administrative cap (5% for federally funded grants and 25% for state funded grants).

Salaries of administrative and clerical staff should be treated as indirect costs unless: (1) Services are integral to activity; (2) Individuals can be specifically identified with the activity; (3) Costs are explicitly included in the budget; (4) Costs are also recovered as indirect.
3.5 Budget Flow Chart

**Review**  
Notification of grant award amount  
(See Page 9)

**Create**  
Original Budget Summary and Detail  
(See Page 11)

**Submit**  
Original Budget form to LCTCS  
(lctcsgrants@lctcs.edu)  
(See page 11)

**Receive**  
Notification of budget approval from LCTCS  
(See Page 11)

**Budget revision needed?**  
(See Page 12 – Approval is not needed for any line item change up to and including 5%)

**NO**  
Obligate funds  
(See Pages 24-25)

Disburse local funds prior to requesting reimbursement

Request Reimbursement from LCTCS (lctcsgrants@lctcs.edu)  
(See Page 12-13)

Grant funds received

**YES**  
Submit Budget Revision forms to LCTCS  
(lctcsgrants@lctcs.edu)  
(See Page 12)

Receive notification of budget revision approval

Obligate funds based on revised budget  
(See chart on Page 25)
4.0 MAINTENANCE OF EFFORT (MOE)

The federal government requires that LCTCS, as the state recipient of AEFLA funds, spend from state and local sources an amount equal to or more than the amount spent the year before for adult education. LCTCS must report this amount annually in the Financial Status Report (FSR) to the USDE.

In calculating the MOE, local funds contributed by the recipients to support adult education within their own program may be calculated in the LCTCS FSR report. LCTCS requires each recipient to report their local contribution toward adult education for the most recently completed fiscal year by November 15th to the LCTCS Finance Office. WRU state fund awards may not be counted in local fund contributions. Additionally, fees collected from students and expended may not be included in MOE.

The Maintenance of Effort Report consists of two parts: MOE Fiscal Statement and MOE Worksheets. Both parts are included in the Budget Workbook attached at Appendix A.

MOE Fiscal Statement
The fiscal statement is an affidavit certifying that the recipient’s reported contribution was expended to support adult education and it meets the provisions of the Louisiana State Plan for Adult and Family Literacy.

All recipients must submit the affidavit signed by the Executive Officer of the institution, notarized and mailed to Ms. Tawn Augustus, LCTCS, 265 South Foster Drive, Baton Rouge, LA  70806.

MOE Worksheets
Recipient local fund contributions must be documented and itemized in the fiscal year, ending June 30th, on the MOE worksheets. Recipients that did not contribute local funds to support adult education do not have to complete the worksheet forms but all recipients must complete the fiscal statement (certification page) as described above.

To complete the MOE Worksheet forms, enter the amount of local funds spent during the fiscal year on:

1. Salary/Salaries
   a. Salary Number: Enter the number of employees that work in the WRU program.
2. Benefits
3. Supplies
4. Property
5. Maintenance Contracts and Equipment
6. Inservice Training
7. Utilities
8. Other: Travel, Operating Services, Professional Services, Other Charges, etc.
9. Current Expenditure Total
5.0 PROGRAM INCOME

Program income is defined as “gross income earned by the non-Federal entity that is directly generated by a [grant] supported activity or earned as a result of the Federal [grant] award during the period of performance[.]” 2 C.F.R. § 200.80. Program income is governed by the terms of the agreement between the state and local subgrantee. Program income must be accounted for in program records and used only for costs allowable under the AEFLA. Program income may only be used to provide local adult education and literacy services. This may include the payment of salaries and purchase of materials.

In accordance with EDGAR at 2 C.F.R. § 200.307 and 34 C.F.R. § 76.534, tuition monies and/or fees collected by WRU grant recipients must be used for classes, coordination, supervision, and general administration of full- and part-time adult basic education programs, including responsibilities associated with the management of the finances of these programs.

Grant recipients shall:

- Notify WRU that program income will be collected during the fiscal year (including the proposed amount to be charged to students);
- Provide an income waiver process to eligible students. Fees charged to students participating in an adult education program must be equitably administered and must not reach levels that have an adverse effect on the participation of economically disadvantaged students;
- Submit an original, certified Program Income Report Form to LCTCS Finance Division/Office by November 15th of each year;
  - The forms are available in the Budget Workbook attached as Appendix A. Additionally, if program income was collected during the fiscal year, a detail of all collections and expenditures by object code must be included with the certified form.
- Spend program income on allowable costs under AEFLA and in accordance with EDGAR (see below);
- Submit the completed original, notarized form via mail to: Ms. Tawn Augustus, Louisiana Community and Technical College System, 265 South Foster Drive, Baton Rouge, LA 70806;
- Retain documentation and receipts for program income expenditures; and
- Expend collected program income funds before submitting reimbursement requests for awarded fiscal year funds to LCTCS Finance Division/Office.

EDGAR Requirements for spending program income:

Unless prior written approval is received from LCTCS, institutions of higher education and nonprofit research institutions must add program income to the federal award. See 2 C.F.R. § 200.307(e). For example, a recipient receives a WRU subgrant in the amount of $30,000. The recipient receives program income in the amount of $5,000. The recipient may request reimbursement for $30,000, but is in effect running a $35,000 program and must expend the $5,000 of program income on allowable expenditures under the grant.
Program income must be used for the purposes and under the conditions of the WRU subgrant.

Program income will be monitored by LCTCS. Grant recipients not using program income in the appropriate and specified manner will receive written notification from LCTCS and may be subjected to an on-site review and/or corrective actions as LCTCS determines necessary.
6.0 ALLOWABLE COSTS

Recipients may only spend grant funds on allowable costs. Recipients must perform an allowable cost analysis to determine whether a cost is allowable when developing the original budget and when actually expending grant funds. An allowable cost analysis must take into consideration the following:

1. Basic Cost Principles
2. Specific Items of Cost
3. Allowable costs under AEFLA
4. State policies
5. Supplement not supplant

Basic Cost Principles

Subpart E of 2 C.F.R. Part 200 establishes federal cost principles for all nonfederal entities. The cost principles are basic guidelines that describe permissible ways federal funds may be spent. The basic cost principles state that for a cost to be an allowable use of federal funds, it must be:

- **Necessary and Reasonable for the performance of the federal award.** A cost must be necessary for the proper and efficient performance of the grant. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices.

- **Allocable to the federal award.** A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 C.F.R. § 200.405. For example, if 50% of a teacher’s salary is paid for by a specific federal grant, then that teacher must spend at least 50% of his or her time on that specific federal grant program.

- **Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the subrecipient.**

- **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.**

- **Consistent treatment.** A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.

- **Adequately documented.** All expenditures must be properly documented.

- **Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.**
- Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such. Some federal program statutes require the nonfederal entity to contribute a certain amount of nonfederal resources to be eligible for the federal program.

- Be the net of all applicable credits. The term “applicable credits” refers to those receipts or reductions of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the state relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. 2 C.F.R. § 200.406.

**Selected Items of Cost**

The federal regulations provide cost principles specific to certain items. Once it is determined that a cost meets the requirements of the basic cost principles described above, recipients should consult the General Provisions for Selected Items of Cost found in 2 C.F.R. §§ 200.420-200.475. There are 55 selected items listed in Part 200. Just because an item is listed does not mean that the type of cost is always allowable. Under some instances the item may be allowable only under certain circumstances while under other instances the item may not be allowable. Recipients must review the specific cost principles associated with the type of cost being considered, as well as ensure the cost meets the basic cost principles described above.

**Allowable Under AEFLA**

In addition to the cross-cutting cost requirements, recipients must ensure that the cost is allowable under the specific provisions of the grant statute.

**Allowable under State Policy**

In certain circumstances, LCTCS has more restrictive requirements than the federal rules. Recipients must also consider state policy when making allowability determinations and follow the more restrictive applicable requirements.

**Supplement not Supplant**

As a requirement of the AEFLA statute, funds made available under the AEFLA must supplement and not supplant nonfederal funds expended to carry out adult education activities. In other words, federal AEFLA funds may only be used in addition to funds already spent by the LCTCS on adult education, and cannot be used in place of non-AEFLA funds.

It will be presumed that supplanting has occurred where:

- The local providers uses AEFLA funds to provide services that the local provider is required to make available under another federal, state or local law; or
The local providers uses AEFLA funds to provide services that the local provider provided with non-AEFLA funds in the prior year.

These presumptions are rebuttable if the local provider can demonstrate that it would not have provided the services in question with non-AEFLA funds had the AEFLA funds not been available. If presumed supplanting occurred, due to a reduction in nonfederal funds or a change in the local provider’s priorities, the provider must create and maintain contemporaneous written documents, such as meeting minutes or itemized budget documents for one year to the next, demonstrating that the decision to not fund an activity with state or local funds was made without regard to the availability of AEFLA funds. If a local provider uses AEFLA funds to support activities that otherwise would be funded with state or local funds, the activities funded must be allowable under the AEFLA.
7.0 TIMELY OBLIGATION OF FUNDS

All grant funds may only be spent on allowable expenditures during the period of performance. Accordingly, it is important for recipients to understand what the period of performance is for the grant awarded and when obligations occur. Each GAN received by recipients will specify the period of performance for the specific grant award.

7.1 Period of Performance – Federal Funds

All obligations must occur on or between the beginning and ending dates of the grant project. See EDGAR at 2 C.F.R. §§ 200.77 and 200.309 (Period of Performance). While recipients should plan to spend all current grant funds within the year the grant was appropriated for, the period of obligation for AEFLA funds is 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum 27-month period includes a 15-month period of initial availability, plus a 12-month period for carryover. For example, funds from the fiscal year 2015 appropriation initially became available on July 1, 2015 and may be obligated through September 30, 2017. Any funds not obligated during the period of availability lapse and must be returned to LCTCS.

Carryover Procedure

Funding that has not been obligated by recipients within the initial 15 months of the grant period is carried over by the provider into the next year, and use of those funds is determined by the recipient when submitting the following year’s budget. Any obligation made during a carryover period is subject to current statutes, regulations, and applications. See 34 C.F.R. §76.710. Large carryover amounts will be considered by LCTCS when making allocation determinations in a continuation year.

Because the time left to obligate carryover funds is shorter, recipients are advised to use first in first out (FIFO) accounting to ensure that older funds are expended prior to the new grant funds. As it is up to the recipient to indicate on the reimbursement request form what fiscal year grant funds the reimbursement is to come from, recipients should keep FIFO accounting in mind when completing the forms.

7.2 Period of Performance – State Funds

The period of performance is different for state funds. All obligations must occur on or between the beginning and ending dates of the grant project, July 1st to June 30th. State funds do not have carryover provisions.

7.3 Obligations

An obligation occurs when funds are formally designated for a specific cost. See 2 C.F.R. § 200.71. All obligations must be made during the period of performance. Accordingly, recipients must be aware of when funds are obligated.
The following table illustrates when funds are determined to be obligated under federal regulations.

<table>
<thead>
<tr>
<th>If the obligation is for:</th>
<th>The obligation is made:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of property</td>
<td>On the date which the subgrantee makes a binding written commitment to acquire the property</td>
</tr>
<tr>
<td>Personal services by an employee of the subgrantee</td>
<td>When the services are performed</td>
</tr>
<tr>
<td>Personal services by a contractor who is not an employee of the subgrantee</td>
<td>On the date which the subgrantee makes a binding written commitment to obtain the services</td>
</tr>
<tr>
<td>Public utility services</td>
<td>When the subgrantee receives the services</td>
</tr>
<tr>
<td>Travel</td>
<td>When the travel is taken</td>
</tr>
<tr>
<td>Rental of property</td>
<td>When the subgrantee uses the property</td>
</tr>
<tr>
<td>A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 C.F.R part 200, Subpart E- Cost Principles.</td>
<td>On the first day of the project period.</td>
</tr>
</tbody>
</table>

34 C.F.R. § 75.707; 34 C.F.R. § 76.707.
8.0 PROCUREMENT

In accordance with Louisiana law, all purchases made by LCTCS or any of the recipients must conform to all purchasing laws and all purchasing rules of procedure. There are two categories of procurement policies: purchases of goods and service contracts. The policies and procedures governing procurement under both categories depends on the amount of the purchase or contract. Detailed information on procurement can be obtained on the Louisiana Division of Administration, Office of State Purchasing and Travel (“DOA”) at http://www.doa.louisiana.gov/OSP/OSP.htm. Recipients must follow the policies and procedures that meet the standards set out in EDGAR at 2 C.F.R. §§ 200.318 through 200.326. All nonfederal entities must have documented procurement procedures which reflect applicable federal, state, and local laws and regulations.
9.0 PROPERTY MANAGEMENT

9.1 Property Classifications

There are three classifications of property:

- **Equipment**: An item is defined as equipment if it can be expected to serve its principal purpose for at least one year and is equal or greater to $1,000 per unit cost in value.

- **Non-Consumable Supplies**: An item is defined as a non-consumable supply if it can be expected to serve its principal purpose for at least one year and is less than $1,000 per unit cost in value (e.g., printers, cameras, iPod, computing devices, etc.). Generally, computing devices as defined in 2 C.F.R. § 200.20 would fall in this category.

- **Consumable Supplies**: An item is defined as a consumable supply if it cannot be expected to serve its principal purpose for at least one year and is less than $1,000 per unit cost in value (e.g., paper, pencils, instructional material). Generally, at the local level, office supplies are not considered allowable purchases, unless associated with a workshop, conference, or a professional development activity, or when necessary for the operation of equipment purchased with AEFLA funds.

Although the Federal or recipient’s policy may be less restrictive, all subgrants issued by LCTCS must be administered in compliance with this policy. See 34 C.F.R. § 76.700.

9.2 Inventory Procedure

All equipment and non-consumable supplies must be inventoried and tagged upon receipt. For each equipment and non-consumable supply purchased with federal funds, the following information must be maintained as part of the inventory records:

- Description of the property
- Serial number or other identification number;
- Source of funding for the property (including the FAIN);
- Who holds title;
- Acquisition date and cost of the property;
- Percentage of federal participation in the project costs for the federal award under which the property was acquired;
- Location, use and condition of the property; and
- Any ultimate disposition data including the date of disposal and sale price of the property.

Recipients must maintain a master inventory list for all equipment and non-consumable supplies purchased with AEFLA funds. The WRU Program Director or other designated personnel for the recipient must possess the master inventory list and will be responsible for verifying the accuracy and completeness of the list.
An inventory of all equipment and non-consumable supplies purchased in whole or in part with AEFLA funds must be conducted on a yearly basis by all recipients.

9.3 Lost or Stolen Items

All items that the recipient believes may be lost or stolen must be reported to the recipient’s Property Manager, who will report it to the police. While only potentially stolen property must be reported to the police, it is a best practice to file a police report for all stolen and lost items. The Property Manager must then notify the Internal Audit Director of the lost or stolen property and forward the police report, if available. The Internal Audit Director then reports the stolen or lost item to the District Attorney and the Legislative Auditor. If there is evidence that the item was in fact stolen, the item may be removed from the inventory. If the item is lost, that fact should be noted in the inventory and the item must stay on the inventory list for a minimum of 3 years.

9.4 Use of Equipment

All equipment purchased with grant funds must be used in the recipient’s adult education program, whether or not the program continues to be supported by the grant award. The recipient cannot encumber the property without prior approval of the federal awarding agency and LCTCS, as the pass-through entity.

During the time equipment is used in the adult education program, the equipment may also be made available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work or services of the adult education program. First preference for other use must be given to other programs or projects supported by USDE. Second preference is given to programs or projects under federal awards from other federal awarding agencies. Use for nonfederally funded programs or projects is also permissible. Recipients must keep in mind the allocability requirement. See section 6.0 Allowability.

When no longer needed in the adult education program, the equipment may be used in other activities in the following order of priority: (1) activities under a federal award from USDE; then (2) activities under federal awards from other federal awarding agencies.

9.5 Disposal of Equipment and Non-Consumable Supplies

When it is determined that equipment or a non-consumable supply purchased with AEFLA funds is no longer needed for the intent for which it was originally purchased or for any other federally funded activities of the recipient, and the property can still be used, written notification should be sent to WRU. A survey will be sent to recipients to determine if any other recipient would be able to use the property. If a recipient responds that it would be able to use the property, the item may be transferred to that recipient by the most reasonable method. Once received by the recipient, the recipient’s property manager must follow the inventory procedures set out above to document the transaction. If denied, the original recipient shall keep the property on their inventory list.
If the property can no longer be used, or a transfer has been denied, the property may be disposed of. Before the item is disposed of the recipient shall submit a written request to WRU for disposition instructions.

Generally, disposition of equipment is dependent on its fair market value (FMV) at the time of disposition. If the item has a current FMV of $5,000 or less, it may be retained, sold, or otherwise disposed of with no further obligation to the federal awarding agency. If the item has a current FMV of more than $5,000, the federal awarding agency is entitled to the federal share of the current market value or sale proceeds.

If acquiring replacement equipment, the recipient may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

Whether the property is transferred, dismantled for parts, or disposed of, the outcome must be reported to WRU and documented in the recipient’s inventory system.

9.6 Disposal of Consumable Supplies

If there is a residual inventory of unused consumable supplies exceeding $5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other federal program, the recipient must retain the supplies for use on other activities or sell them, but must in either case, compensate the federal government for its share.
10.0 RECORD KEEPING

LCTCS and all recipients must maintain records and accounts in a manner that ensures a full accounting of all funds received and expended in connection with the AEFLA grant. These records and accounts must be retained and made available for programmatic or financial audits. **WRU and recipients shall retain records for 5 years from the date of the final submission report.**

When original records are electronic and cannot be altered, there is no need to create and/or retain paper copies. When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided they are: (1) subject to periodic quality control reviews; (2) provide reasonable safeguards against alteration; and (3) remain readable. **See EDGAR at 2 C.F.R. §200.335.**
11.0 TIME AND EFFORT CERTIFICATIONS

All employees of recipients paid in whole or in part with grant funds are required to complete time and effort reports. Time and effort reports must accurately reflect the work performed and must meet the following standards:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the recipient;
- Reasonably reflect the total activity for which the employee is compensated by the recipient, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the recipient on an integrated basis;
- Comply with established accounting policies and practices of the recipient;
- Support the distribution of the employee’s salary or wages among specific activities or cost objectives. 2 C.F.R. § 200.430(i).

It is critical for payroll charges to match the actual distribution of time recorded on the monthly certification documents. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards, but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed.

If an employee spends time on adult education administrative and adult education instructional activities, that employee must track administrative time separately from instructional time. For audit purposes, the recipient’s Fiscal Agent must maintain the completed forms on file. Each employee Time and Effort form must include the following fields of information:

<table>
<thead>
<tr>
<th>Employee Time and Effort Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee:</td>
</tr>
<tr>
<td>Pay Period Beginning:</td>
</tr>
<tr>
<td>Pay Period Ending:</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program/Activity Description</th>
<th>CFDA#</th>
<th>% of Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Education – Instructional (Federal)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult Education – Administration (Federal)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult Education – Instructional (State)</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Adult Education – Administration (State)</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>List Other Funding Sources</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Percentage (Must equal 100%)</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

I hereby certify that the information indicated on this form is true and correct, is an after-the-fact determination of actual effort expended for the period indicated, that the work assigned has been performed and that I have full knowledge of the work performed.

Employee Signature: Signature of Supervisor:
Printed Name: Printed Name:
Date: Date:
12.0 ACCOUNTABILITY REQUIREMENTS

AEFLA grant funds are tied to an accountability system that measures the effectiveness of recipients’ programs. Effectiveness in WRU is assessed through performance measures. These measures are called indicators of performance. Annually, recipients negotiate individual program levels of performance that must exhibit continual program improvement/growth. There are several indicators that WRU considers when calculating program performance funding.

National Reporting System (NRS) mandated core measures of performance (only includes students with greater than or equal to 12 instructional hours)

1. *Educational Gains* that are in relation to the student’s Educational Functioning Level (EFL) in reading, writing, speaking and listening, and functional areas. This measure applies to all students;

2. *Entered Employment*—students who are not employed at time of entry and in the labor force who exit during the program year;*

3. *Retained Employment*—students who at the time of entry, were not employed and in the labor force, who are employed in the first quarter after exit quarter, and learners employed at entry;*

4. *Receipt of Secondary Credential*—all enrolled learners who successfully complete the entire battery of the state-approved High School Equivalency (HSE) test, or are enrolled in adult high school at the high ASE level, or are enrolled in the assessment phase of the External Diploma Program (EDP) who exit during the program year;*

5. *Enter Postsecondary or Training*—all learners who passed the state-approved HSE test or earned a secondary credential while enrolled in adult education, or have a secondary credential at entry or are enrolled in a class specifically designed for transition to postsecondary education who exit during the program year. A transition class is a class that has a specific purpose to prepare students for entry into postsecondary education, training or an apprenticeship program.*

*Data-matching is used for these goals to measure program outcome.

WRU mandated indicators
In addition to the 5 federally-mandated core measures of performance, recipients must also report on the following:

6. Total number of students with at least 1 hour of service
7. Assessment Policy (Pre-Post Test performance)
13.0 MONITORING

There are two types of monitoring: Programmatic and Fiscal Monitoring.

Programmatic Monitoring includes desk and/or on-site monitoring. Desk monitoring relies primarily on data that is collected and reported on a monthly basis by the local programs in the statewide data management system. Using a structured format, state staff reviews the data quarterly to provide technical assistance, determine risk-assessment and promote program improvement. LCTCS’ monitoring program is risk-based; however, all recipients will receive an on-site monitoring visit at least once every six years.

Fiscal Monitoring: The LCTCS Internal Audit Office is responsible for conducting an annual audit of administration of AEFLA funds, as well as monitoring the recipients’ compliance with state fiscal policies and federal regulations regarding the use of AEFLA and/or state funds.

Programs are identified for on-site monitoring through a comprehensive risk analysis based on the following factors: (1) desk monitoring; (2) need to verify data quality and program expenditures; (3) consistent low performance on NRS indicators in several categories; (4) prospective noncompliance with grant requirements identified through review of programmatic and fiscal reports, or ongoing communications with the program; (5) unresolved audit findings; (6) ongoing lack of progress in resolving required actions from a prior monitoring visit; (7) significant staff turnover in the program; and (8) recent or newly establish programs.

The goal for onsite monitoring visits is to (1) ensure that programs meet AEFLA requirements; (2) improve the quality of federally-funded activities; (3) provide assistance identifying and resolving accountability problems; and (4) ensure the accuracy, validity, and reliability of data collection and data reporting as well as policies and procedures for program accountability.

Notification of On-Site Visit

When the recipients have been selected for monitoring, each will be notified in writing that they will receive an on-site monitoring visit within the year. Each recipient’s Executive Officer and WRU Program Director will receive the written notification. The notification will provide a general timeline of the monitoring process and what areas will be reviewed for compliance. In addition, recipients will be provided with a monitoring form with instructions to complete specific sections of the form.

Pre-Visit Call

During the pre-visit call the information provided in response to the monitoring form will be discussed. Additionally, the logistics of the onsite monitoring will be finalized.

During the Monitoring Visit

During the on-site monitoring visit, WRU and/or Internal Audit staff member(s) will conduct the on-site visit to review compliance in areas included on the onsite monitoring document for
programmatic and/or fiscal monitoring. Work space and Internet access may be needed during the visit.

Exit Interview

After the completion of the on-site review, but before the final audit report is issued, an exit interview with the recipient and/or designee will be provided either on-site or by teleconference. The WRU Program Director is responsible for inviting the appropriate institutional staff members. During the interview, the monitoring team and the recipient staff member(s) will address any preliminary monitoring findings and any areas of concern.

Reports and Corrective Action Plans

After the programmatic monitoring visit and exit interview have been completed, the WRU staff will write a monitoring report and cover letter outlining the purposes of the visit and any findings of noncompliance or recommendations. The report will state the scope of the review and the basis of each finding or recommendation. The report will be sent to the recipient’s Executive Officer and the WRU Program Director. The recipient has 45 business days, from the date of the cover letter, to provide a written response and plan of action that addresses each finding. Once the recipient’s response is received and reviewed, a follow-up visit may be scheduled. If no findings were indicated, a final report is issued.

After the Internal Audit Office visit, staff will draft a monitoring report. The report will state the scope of the review and the basis of each finding or recommendation. A draft report will be sent to the recipient’s Executive Officer and the WRU Program Director. The recipient has 10 business days from receipt of the report to provide a written response, including a corrective action plan that should address each finding. Once the recipient’s response is received and reviewed, or if no findings were indicated, a final report is issued. The report is sent to the following:

- Recipient’s Executive Officer;
- Recipient’s WRU Program Director; and
- Executive Director of WRU

Follow-Up on Findings and Corrective Action

The WRU staff and Internal Audit Office may conduct a follow-up visit with any recipient that received an AEFLA monitoring finding in the prior year. The extent of the follow-up is determined by the severity and number of findings and will be used to determine if the corrective action plan implemented by the recipient has been effective. If it is determined that the corrective action plan was successful, no further follow-up will be required. If the follow-up reveals continued noncompliance, recommendations will be made to the WRU Executive Director of what grant conditions (if any) will be put in place to address the noncompliance. The Executive Director of WRU will send written notification to the recipient of any grant conditions that will be put into effect and when the conditions will begin. If a recipient’s noncompliance does result in grant conditions, during the fiscal year after the fiscal year that the conditions were placed on the grant,
the recipient may petition LCTCS to conduct further follow-up visits to determine if the noncompliance has been resolved and the grant conditions can be removed.
14.0 FREQUENTLY ASKED QUESTIONS (FAQS)

LCTCS provides technical assistance and guidance on a number of areas concerning the WRU grants and federal grants management requirements. For your reference, we have included a number of frequently asked questions and answers below.

➢ May funds be used to pay for meals for students?

In general, using federal funds to provide meals to students should not be condoned. Such a use of funds, in addition to causing supplanting concerns (in the absence of federal funds, presumably the students would still be fed), does not support the goals of the AEFLA statute.

➢ If equipment is purchased, may Federal funds be used for service warranties?

Generally, the use of federal funds for service warranties is allowable. Pursuant to 2 C.F.R. § 452, a manufacturer’s warranty that covers normal repairs to keep the property in efficient working condition would be allowable. If the warranty covers loss and/or damage, it would not be allowable.

➢ May funds pay for membership fees in professional organizations?

Pursuant to 2 C.F.R. § 200.454, the cost of a nonfederal entity’s membership in business, technical, and professional organizations is allowable. The cost of a nonfederal entity’s membership in a civic or community organization is allowable with prior approval from LCTCS. The cost of a nonfederal entity’s membership in a social organization is not allowable. The cost of an individual’s membership in business, technical, professional, and social or civic/community organizations is not allowable. However, if the individual’s membership in such an organization benefits the entity and not the individual, the cost would be allowable consistent with the rules for nonfederal entities.

➢ Can funds be used for travel expenses to a professional development activity?

The cost of travel expenses to a professional development activity is allowable as long as the professional development is state-approved, benefits the federal program, the costs are necessary and reasonable, and the costs are allowable under State-specific travel policies.

➢ Can funds be used to pay for campus security guards?

The cost for campus security guards is not an allowable cost. In a recent audit report, the Department of Education said that the cost of security for a building would exist absent the federal funds, accordingly, such a use of funds would violate the supplanting provision.

➢ Can funds be used for a graduation ceremony?
No. In addition to causing supplanting concerns for all types of recipients, the costs related to commencement and convocation are specifically prohibited for institutions of higher education under the regulations. See 2 C.F.R. § 200.429.

➢ Can funds be used for advertising?

Advertisements are allowable for recruiting grant personnel only as long as the advertisement is not in color and not excessively large. Advertisements are allowed to communicate with the public and press when the costs are considered necessary as part of the outreach effort for the grant. AEFLA funds cannot be used to promote the institution or organization itself. Funds can be used for informational brochures, and magazine, newspaper, television, or radio advertisements —only if— it is directed toward a specific program/service. See 2 C.F.R. § 200.421.

➢ Can my program use the federal threshold to define equipment versus supplies?

No. Although the federal threshold for equipment is $5,000, LCTCS uses a more restrictive threshold of $1,000. Because LCTCS’ policy is more restrictive, recipients must follow the LCTCS policy. See 34 C.F.R. § 76.700. For all LCTCS subgrants, the following definitions apply:

- **Equipment**: An item is defined as equipment if it can be expected to serve its principal purpose for at least one year and is equal or greater to $1,000 per unit cost in value.

- **Non-Consumable Supplies**: An item is defined as a non-consumable supply if it can be expected to serve its principal purpose for at least one year and is less than $1,000 per unit cost in value (this category would include most computing devices as defined under 2 C.F.R. § 200.20).

- **Consumable Supplies**: An item is defined as a consumable supply if it cannot be expected to serve its principal purpose for at least one year and is less than $1,000 per unit cost in value.

All equipment and non-consumable supplies are subject to the inventory requirements described in section 9.2 of this manual.

➢ If my indirect cost rate is more than the administrative cap, can I charge up to the amount of my indirect cost rate for administrative expenses?

No. Regardless of a recipient’s indirect cost rate, the total cost of all direct administrative charges and indirect charges cannot exceed the administrative cap (5% for federally funded grants and 25% for state funded grants).

➢ Can salaries of administrative and clerical staff be direct charges?

It depends. Generally, salaries of administrative and clerical staff should be treated as indirect costs unless: (1) Services are integral to the activity; (2) Individuals can be specifically identified
with the activity; (3) Costs are explicitly included in the budget; and (4) Costs are also recovered as indirect.

 ➢ Can Federal and State WRU grant funds be used for High School Equivalency (HSE) Testing?

No. It is a long standing policy of OCTAE that AEFLA funds cannot be used for the administration of HSE testing. See Letter to Erin M. O’Grady-Parent, Acting Counsel and Deputy Commissioner for Legal Affairs, New York State Education Dept., from Brenda Dann-Messier, Assistant Secretary, OVAE (Aug. 23, 2010), on file with LCTCS. Furthermore, the administration of HSE testing is not an allowable educational service or form of instruction under the provisions of the federal or state grant.
**15.0 CALENDAR AT A GLANCE**

Below is a fiscal year calendar that lists the important dates for new grant activities (black font) and required end-of-the-year deadlines (red font). *If the due date falls on the weekend, documents are due the next business day.*

<table>
<thead>
<tr>
<th>JULY</th>
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<tbody>
<tr>
<td>1</td>
<td>New Grants awarded</td>
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<td>Deadline to enter all fiscal year (FY) adult education student data in the State Student Information System (SIS) for prior year</td>
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<tr>
<td>12</td>
<td>SIS Data Freeze</td>
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<tr>
<td>13</td>
<td>SIS - New FY data created</td>
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<td>Deadline to submit new FY federal and state budgets Submit to: <a href="mailto:lctcsgrants@lctcs.edu">lctcsgrants@lctcs.edu</a></td>
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<tr>
<td>25</td>
<td>Federal Budget Revision deadline Submit to: <a href="mailto:lctcsgrants@lctcs.edu">lctcsgrants@lctcs.edu</a></td>
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<tr>
<td>30</td>
<td>Deadline to expend federal funds</td>
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<tr>
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<tr>
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<td>State Grant Budget Revisions Deadline Submit to: <a href="mailto:lctcsgrants@lctcs.edu">lctcsgrants@lctcs.edu</a></td>
</tr>
<tr>
<td>30</td>
<td>Deadline to expend State Funds</td>
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