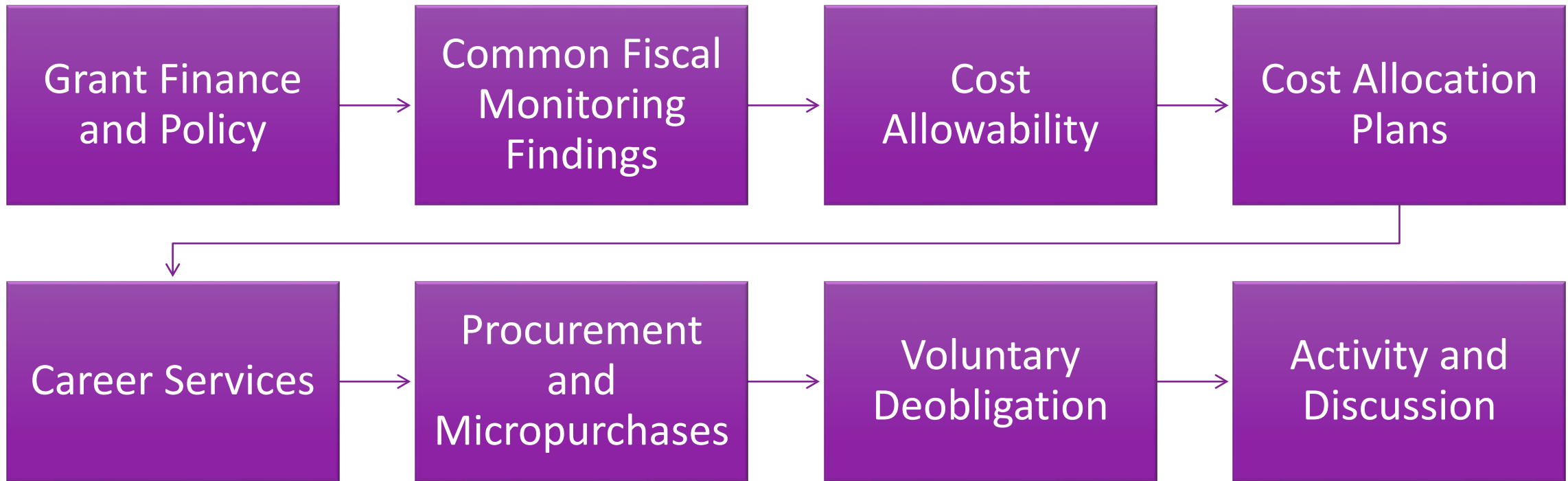


IT'S ALL ABOUT THE MONEY!

Kara McVey

AGENDA



PARKING LOT

If you have a question on anything in the presentation, please put it in the parking lots around the room (or in the chat if online).

We will collect the questions and provide an FAQ document after the Fall Institute.

These questions help us with providing Technical Assistance.

WHERE DO I FIND MY GRANT FINANCE POLICY?

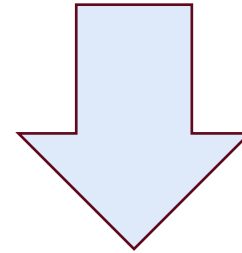
When you have a question about if something is allowable, you should consult the following documents on the TWC website.

1. Reference the TWC Website for AEL Letters
2. TWC's Financial Manual for Grants and Contracts (FMGC)
3. Contact AELTA@twc.texas.gov



FOLLOW-ALONG TO FMGC

[Home](#) > [Agency Information](#) > **General Administrative, Cost & Audit Requirements For Grants**



TWC Financial Manual for Grants & Related TWC Forms and Resources

- [TWC Financial Manual for Grants & Contracts](#) 
- [TWC Financial Manual for Grants & Contracts \(Track Changes\) \(10/1/2023\)](#) 
- [TWC Financial Manual for Grants & Contracts Supplement on Procurement](#) 

COMMON FISCAL MONITORING FINDINGS



FISCAL MONITORING FINDINGS



Didn't obtain three price quotes prior to purchasing.



Did not conduct a needs assessment prior to purchasing.



No controls for cash management and expenditure reporting.



No contingency plan for backup designees when assigned Fiscal staff are out.



Internal controls to ensure expenditures charged to the grant are properly supported.



Ensure only allowable costs are charged to the grant.



Collaborate with Texas workforce partners through a written policy to support access to appropriate support services.

FISCAL MONITORING FINDINGS- CONTINUED



- Controls to ensure adequate documentation is obtained and maintained to support procurements were conducted in compliance with federal and state procurement requirements.
- Local policy needs to include how cost reasonableness is determined and documented for micropurchases.
- Develop and implement a written cost allocation plan that contains all the essential elements described in FMGC.

WHAT CAN I SPEND MY MONEY ON?

Cost Allowability



ALLOWED AND DISALLOWED COSTS

- **Allowed costs**

- Supplies
 - Technology (laptops, computers)
 - Licenses to use:
 - Aztec, Burlington English, OneFlow, Salesforce, Connectable, etc.
- Travel to Conferences
- Class location security
- Student necessities for an IET
- Recognized Certification tests
 - (NCCR, CompTIA, CDL Licenses, etc.)

- **Disallowed Costs**

- Alcohol
- Food and Beverages
- **Graduation ceremonies, awards, honoraria, prizes, gifts, incentives**
- **HS Equivalency tests or test administration**
- **Student Supportive Services**
 - **Childcare**
 - **Food security**
 - **Dependent care**
 - **Housing**
 - **Needs related payments**
- **Non-approved NRS tests (TOEFL, GED Ready, HiSET, GED without a voucher)**

The only supportive service AEL can offer to students is **Transportation Assistance**. [AEL Letter 03-21](#)

COST ALLOWABILITY

How will the purchase benefit the students we are serving?

Costs are to be viewed in the following manner:

- Is it **REASONABLE** for the performance of the grant?
- Is it **ALLOWABLE** for the performance of the grant?
- Is it **NECESSARY** for the performance of the grant?



COST ALLOWABILITY GREY AREAS

Examples of grey areas for allowable costs:

- Furniture
- Appliances
- Advertising/Marketing/Outreach Promotional Items ([WD Letter 17-10](#))
- Food ([TA Bulletin 259](#))
- Purchasing for the new program year before the current program year ends
 - Assessment Testing kits or licenses

DISCUSSION

Scenario: Dean of Health Occupations comes to AEL Director and says they will share a classroom with AEL for a CNA IET class. The Dean says that they will only share the space if AEL buys **the 7 CPR dummies that are needed for the class**. What do you do?

2 minutes to discuss at your tables, or in the chat pod.



DISCUSSION CONTINUED

Scenario: Dean of Health Occupations comes to AEL Director and says they will share a classroom with AEL for a CNA IET class. The Dean says that they will only share the space if AEL buys **the** 7 CPR dummies **that are needed for the class**. What do you do?

Why does AEL solely have to pay for the CPR dummies if the space is shared with other Health Occupations classes?

Why can't both Health Occupations and AEL split the cost?

Look for a win-win resolution where all parties are working together towards the common goal!

It is not the sole responsibility of AEL programs to **pay** for things that ***do not benefit the students*** nor the performance of the grant!

COST ALLOWABILITY TIPS

- Spend your funds within 12 months.
- Consider if the purchase will benefit either the students or the performance of the grant.
- Purchases should be **reasonable**, **allowable**, and **necessary** for the performance of the grant or to benefit students.



COST ALLOCATION PLANS

Why does a program need to know about this?



WHAT IS A COST ALLOCATION PLAN?

A **Cost Allocation Plan** summarizes, in writing, the methods and procedures that an organization uses to **allocate costs** to grants and programs.

Cost allocation plans must be adequately documented and must include ***all costs*** that will be claimed as ***allocated costs*** under federal or state awards.

WHAT ELSE DOES IT HAVE TO HAVE?

The following types of information must accompany all cost allocation plans:

- An organization chart
- A copy of the organization's financial statements for the period covered by the costs
- A certification that the plan
 1. was prepared in accordance with the applicable Office of Management and Budget (OMB) Circular and/or the Uniform Grant Management Standards (UGMS);
 2. contains *only* allowable costs; and
 3. was prepared in a manner that treated similar costs consistently among the various federal or state awards and between federal and other non-federal awards/activities.

CHARACTERISTICS OF A COST ALLOCATION PLAN

Result in an equitable distribution of indirect and/or shared costs

Correspond to the costs being allocated

Be efficient to use

Be consistently applied over time

Be consistent with Generally Accepted Accounting Principles (GAAP)

Be consistent with applicable cost principles and administrative requirements

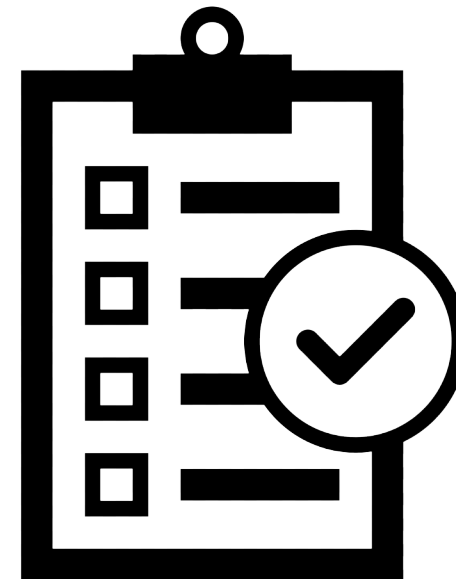
Be accepted by each entity's independent auditor to satisfy the audit testing required under the Single Audit Act

Be supported by actual cost data

Be consistent with the overall program design and services approach

COST ALLOCATION PLAN TIPS

- Must meet all the criteria in the previous slide.
- There's more information in the FMGC, Chapter 11 Cost Allocation
- AEL does **not** need a copy of the Cost Allocation Plan, however one must be on file if SRM asks to see it.
- Ask your fiscal department if they have a cost allocation plan. It may not be needed for the AEL program, but it is something the organization needs to have.



FAQS ABOUT COST ALLOCATION PLANS

1. Are programs required to create a Cost Allocation Plan?

Yes, programs are required to have a cost allocation plan for their organization, and it should include AEL grant funds.

2. Do the plans have to be submitted as a Deliverable?

No, AEL does not need a copy of the Cost Allocation Plan submitted as a deliverable.

3. If they are not required by the grant, why do programs need to create one?

It is a pre-emptive measure to prevent a possible Monitoring finding.

4. How do Cost Allocation Plans differ from Projected Expenditure Plans, or are they the same thing?

- Projected Expenditure Plans are based on a year-by-year basis and is solely for the AEL Program.
- Cost Allocation Plans are for the organization as a whole and not solely the AEL Program.

NEW INFORMATION: CAREER SERVICES

[OCTAE Memo 17-2](#)



CAREER SERVICE ACTIVITY TYPES

1 Outreach, intake, or orientation information

2 Initial assessment of skill levels or supportive service needs

3 Referral or coordination of other programs & services

4 Provision of performance or program cost information (Edu. & Training)

5 Provision of information on/or referral to supportive services

CAREER SERVICES TYPES

- Service activities *can* be entered multiple times with different dates
- Not all service activities can be reported in TEAMS, some will be reported in CDER

Career & Training Services Applicable to AEFLA	Detail	Example(s)
Outreach, Intake, & orientation information	<p><i>Outreach:</i> to promote a summary of services</p> <p><i>Intake:</i> process of gathering basic information & determining program appropriateness</p> <p><i>Orientation:</i> an introduction to the Program that may or may not include a tour</p>	<p><i>Outreach:</i> These services are provided prior to someone enrolling in the program and are tracked in CDER.</p> <p><i>Intake:</i> PIRL; Required documentation</p> <p><i>Orientation:</i> providing information to new students on the mission & vision, program processes, points of contact, & program expectations, then taking students on a tour of the campus &/or classroom(s).</p>
Initial assessment of skill levels including literacy, numeracy, & English proficiency, as well as aptitudes, abilities, & supportive service needs	Basic skills test (TABE, CASAS, Best +, GED Ready); Interest Profiler (My Next Move-O*Net); Skills test or cognitive test (Work Keys, Test Gorilla, E-skill, digital literacy skills); basic needs assessment and ITEC plan	Participant received a Comprehensive Assessment that included the PIRL, a CASAS test, digital literacy skills test, basic needs assessment, and ITEC plan.
Referrals to & coordination of activities with other Programs & Services	Time spent with a Participant discussing & referring them to another Program for services	Participant is referred to Workforce Solutions or Vocational Rehabilitation to receive assistance with supportive services and job search once AEL services are complete OR to <i>CO-ENROLL</i> and receive supportive services while attending AEL classes.

CAREER SERVICES TYPES (CONTINUED)

Career & Training Services Applicable to AEFLA	Detail	Example(s)
Provision of performance information & program cost information on eligible providers of education, training, & workforce services by program & type of provider	Providing Participant with information on an AEL IET &/or other Training Provider options	Career Navigator hosts an information session that discusses IETs the program offers, vocational training schools or post-secondary colleges/universities that participant could attend.
Provision of information on availability of supportive services or assistance & appropriate referrals (including childcare, child support; medical or child health assistance available through the State's Medicaid program & CHIP; SNAP benefits; EITC; assistance under TANF, & other supportive services & transportation)	Information provided on supportive services to help continue with AEL <u>services</u>	Participant is provided information on Childcare assistance; WIC; medical/dental assistance; housing assistance; food bank; and/or utility assistance.

IDENTIFYING CAREER SERVICES AND TRAINING SERVICE COSTS



WIOA ***requires*** that the **costs** for ***career*** and ***training services*** be determined separately.

Given that WIOA defines “administrative costs” separately from the definitions of career services and training services, the Department of Education and the Department of Labor, made clear in the WIOA Performance Information Collection Requests (ICRs) that *States must not include administrative costs when reporting costs for career services and costs for training services.*

NLF: AEL grant recipients must be aware that **not all** career services costs are attributed to interactions with individual students. Costs may be incurred when providing career services to support the overall program, such as outsourced printing costs for orientation brochures or production costs for outreach videos.

CDER SYSTEM REPORTING



NLF: When reporting costs in the CDER system, AEL grant recipients must follow the guidance in [AEL Letter 01-23](#), issued February 14, 2023, and titled ***Cash Draw and Expenditure Reporting System Instructions for Adult Education and Literacy Grant Awards*** and any subsequent issuances.

NLF: AEL grant recipients must update local policies to comply with proper reporting of career services and training services.

HOW DO I FIGURE OUT MY CAREER SERVICES BUDGET?



WHAT DO I NEED TO ACCOUNT FOR IN MY CDER BUDGET FOR CAREER SERVICES?

Per [AEL Letter 02-23](#):

- Either full salary and fringe benefits, or a portion of salary, wages, and fringe benefits.
- Outsourced printing costs for outreach activities (community resource fairs, job fairs, etc.)
- Assessment test costs
- Booth fees, banners (for program identification), and local travel costs for staff at job fairs or other appropriate events
- Billboard, newspaper, television, radio announcements for program outreach
- Production costs to develop online videos or webinars for program outreach and orientation
- **Costs that are necessary for Career Services are not considered Administrative Costs.**



EXAMPLE OF A CAREER SERVICE BUDGET

The budget on this slide is an example of what the Career Services budget could look like in your institution's General Ledger.

REMINDER: If services or goods are to be purchased from outside your institution, follow your local procurement guidance.

For procurement questions, contact AELTA@twc.texas.gov

Career Services Budget		
Cost Category		
Salary and Wages of Staff Providing Services		\$ 50,000
Fringe Benefits for Staff Providing Services		\$ 10,000
Printing Costs For Outreach		\$ 5,000
Assessment Test Costs		\$ 20,000
Job Fair or Community Resource Fair Booth Fees		\$ 500
Local travel costs for Staff going to Job Fairs		\$ 1,000
Advertising of Program		\$ 15,000
Production Costs of Online Videos and Webinars		\$ 15,000
	Subtotal	\$ 116,500

ALLOWABLE COSTS FOR CAREER SERVICES

- Either full or a portion of salary/wages, and fringe benefits for staff
- Outsourced printing costs
- Assessment test costs
- Fees associated with job fairs or other appropriate outreach events
- Media announcements for program outreach
- Costs to develop online videos or webinars



DISALLOWABLE COSTS FOR CAREER SERVICES



As also outlined in [AEL Letter 01-23](#) and [AEL Letter 02-23](#), AEL grant recipients **must exclude** certain costs from career services expenditures, such as the following:

1. **Workforce preparation** activities and **English language acquisition** programs;
2. **Identifying** supportive service providers with which the AEFLA program does **not** have an existing/established relationship;
3. The AEFLA program's allocable share of any portion of **shared infrastructure costs** owed under WIOA §121 (under AEFLA these costs are AEFLA administrative costs) and any other AEFLA administrative costs; and
4. Portions of a provider's own space, equipment, supplies, and software costs used in the delivery of career services (not shared Workforce Solutions costs).

If you want to know more about Career Services, there are webinars on the TRAIN PD website.

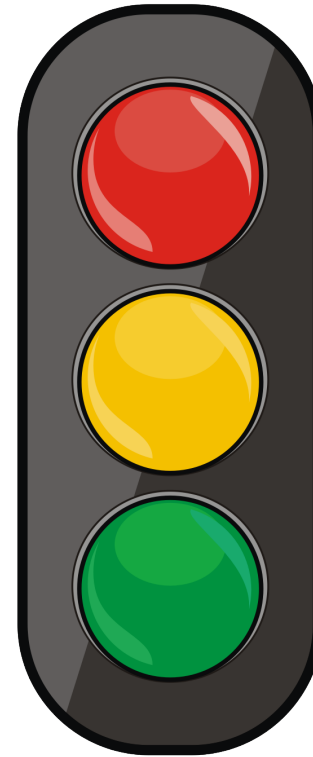


ACTIVITY

RED LIGHT/GREEN LIGHT

On your tables, there is a red card and a green card. Your table will vote on if a purchase is either Green or Red.

Virtual Attendees: Please put **Red** or **Green** in the chat pod.



CAREER SERVICES: RED LIGHT/GREEN LIGHT LIGHT

- Allowed or Not Allowed?

Please enter your answers in the chat!

1. Initial Assessment Test

CAREER SERVICES: RED LIGHT/GREEN LIGHT-2

- Allowed or Not Allowed?

Please enter your answers in the chat!

1. Initial Assessment Test **YES!**
2. Shared infrastructure costs

CAREER SERVICES: RED LIGHT/GREEN LIGHT-3

• Allowed or Not Allowed?

Please enter your answers in the chat!

1. Initial Assessment Test **Yes!**
2. Shared infrastructure costs **No!**
3. Fees and marketing for program at outreach events

CAREER SERVICES: RED LIGHT/GREEN LIGHT-4

• Allowed or Not Allowed?

Please enter your answers in the chat!

1. Initial Assessment Test **Yes!**
2. Shared infrastructure costs **No!**
3. Fees and marketing for program at outreach events **Yes!**
4. Workforce Prep Activities part of Career Service

CAREER SERVICES: RED LIGHT/GREEN LIGHT-5

• Allowed or Not Allowed?

Please enter your answers in the chat!

1. Initial Assessment Test **Yes!**
2. Shared infrastructure costs **No!**
3. Fees and marketing for program at outreach events **Yes!**
4. Workforce Prep Activities as part of Career Service **No!**
5. Outsourced Printing Costs

CAREER SERVICES: RED LIGHT/GREEN LIGHT-6

• Allowed or Not Allowed?

Please enter your answers in the chat!

1. Initial Assessment Test **Yes!**
2. Shared infrastructure costs **No!**
3. Fees and marketing for program at outreach events **Yes!**
4. Workforce Prep Activities part of Career Service **No!**
5. Outsourced Printing Costs **Yes!**
6. Entering into an agreement with a new supportive service entity

CAREER SERVICES: RED LIGHT/GREEN LIGHT-7

• Allowed or Not Allowed?

Please enter your answers in the chat!

1. Initial Assessment Test **Yes!**
2. Shared infrastructure costs **No!**
3. Fees and marketing for program at outreach events **Yes!**
4. Workforce Prep Activities part of Career Service **No!**
5. Outsourced Printing Costs **Yes!**
6. Entering into an agreement with a new supportive service entity **No!**

UNDERSTANDING PROCUREMENT PROCEDURES AND MICROPURCHASES



PROCUREMENT AND MICROPURCHASES

Why do I need to know about Procurements and Micropurchase information?

- Even though you may work with a fiscal department at your organization, they may not be 100% versed in how TWC operates and the expectations of SRM when they go out to monitor programs.
- Knowing about the TWC expectations can reduce the possibility of an SRM finding.



Teamwork makes the dream work

WHERE TO FIND POLICY ON PROCUREMENT AND MICROPURCHASES?

Where to find?

Policy Reference: FMGC Supplement on Procurement ([TWC FMGC Supplement on Procurement](#))

[TWC Financial Manual for Grants & Related TWC Forms and Resources](#)

- [TWC Financial Manual for Grants & Contracts](#) 
- [TWC Financial Manual for Grants & Contracts \(Track Changes\) \(10/1/2023\)](#) 
- [TWC Financial Manual for Grants & Contracts Supplement on Procurement](#) 

Definitions:

- **Procurement:** refers to a procurement that results in a [contract](#) with a [contractor \(vendor\)](#).
- **Micropurchase:** a purchase of [supplies](#) or services made using simplified acquisition procedures, the aggregate amount of which does not exceed the [micro-purchase threshold](#).
- **Micropurchase Threshold:** Effective January 1, 2020, TWC increased the micro-purchase threshold for TWC grant awards from \$3,000 to [\\$10,000](#) under the authority of [OMB Memorandum M-18-18](#).

DOCUMENTATION

Documentation is everything when it comes to purchases.

- *“An auditor may not agree with the reasoning for the purchase or procurement”- Chris Nelson, TWC CFO*
- **It’s better to have more than enough information than not have enough**
- Helps explain the purchasing situation that occurred in the past.



RED LIGHT/GREEN LIGHT SCENARIOS



RED LIGHT/GREEN LIGHT: SCENARIO 1

AEL program wants to purchase CASAS testing for AEL students' assessments. Is this an allowable cost?

Is this a **Green** purchase or a **Red** purchase?

RED LIGHT/GREEN LIGHT: SCENARIO 1 ANSWER

AEL program wants to purchase CASAS testing for AEL students' assessments. Is this an allowable cost?

Is this a **Green** purchase or a **Red** purchase?

This is a **Green** purchase, because it does benefit the AEL program and is serving students.

RED LIGHT/GREEN LIGHT: SCENARIO 2

One of the Deans of my organization wants AEL to purchase a sign that the organization can use for advertising because we have extra money. I asked if it was going to just be for AEL, and I was told that we would be sharing the sign with the rest of the organization.

What are some things we need to think about?

- Reasonable, Allowable, and Necessary for the performance of the grant.
 - Necessary for the benefit of AEL students.
 - Necessary for the benefit of the AEL program.

Is this a **Green** purchase or a **Red** purchase?

RED LIGHT/GREEN LIGHT: SCENARIO 2

ANSWER

One of the Deans of my organization wants AEL to purchase a sign that the organization can use for advertising because we have extra money. I asked if it was going to just be for AEL, and I was told that we would be sharing the sign with the rest of the organization.

What are some things we need to think about?

- Reasonable, Allowable, and Necessary for the performance of the grant.
 - Necessary for the benefit of AEL students.
 - Necessary for the benefit of the AEL program.

Is this a Green purchase or a Red purchase?

At first glance, this is a Red purchase because AEL is being asked to pay for something that's not to the sole benefit of the program. If it doesn't benefit the students, or the AEL Program it's a Red purchase. However, this is a situation where braiding funding or sharing cost with other programs is allowable making it a Green purchase in this case.

RED LIGHT/GREEN LIGHT: SCENARIO 3

An AEL Program is looking to purchase a van and pay a driver to pick up students that do not have transportation. The cost for the van is \$30,000. Can the AEL program spend funds to purchase a van to assist students with transportation to/from classes?

Is this a **Red** purchase or a **Green** purchase?

RED LIGHT/GREEN LIGHT: SCENARIO 3 ANSWER

An AEL Program is looking to purchase a van and pay a driver to pick up students that do not have transportation. The cost for the van is \$30,000. Can the AEL program spend funds to purchase a van to assist students with transportation to/from classes? Does the AEL program need to get permission from TWC before making this purchase?

Is this a **Red** purchase or a **Green** purchase?

This is a **Red** purchase, because the vehicle is a disallowed cost per the grant and federal guidance.

RED LIGHT/GREEN LIGHT: SCENARIO 4

An AEL Program has a dedicated HVAC classroom that needs to have an electrical panel upgraded to manage the amount of voltage that the training equipment pulls and to keep the breakers from being tripped. They received a quote from a vendor-approved contractor for \$1,800, which includes material and labor.

Is this a **Red** purchase or a **Green** purchase?

RED LIGHT/GREEN LIGHT: SCENARIO 4 ANSWER

An AEL Program has a dedicated HVAC classroom that needs to have an electrical panel upgraded to manage the amount of voltage that the training equipment pulls and to keep the breakers from being tripped. They received a quote from a vendor-approved contractor for \$1,800, which includes material and labor.

Is this a **Red** purchase or a **Green** purchase?

This is a **Green** purchase, because the space is solely for AEL students, and upgrading the panel is a reasonable and necessary cost per the grant and federal guidance for the benefit of the AEL students.

RED LIGHT/GREEN LIGHT: SCENARIO 5

An AEL Program is working with their local college to start a new welding program, which includes renovating a shared space for the hands-on training portion of the class. The space needs to have a ventilation system installed per OSHA regulations. The cost of this system from a vendor-approved contractor is \$30,000, which includes materials and labor. AEL agreed to pay for the system.

Is this a **Red** purchase or a **Green** purchase?

RED LIGHT/GREEN LIGHT: SCENARIO 5 ANSWER

An AEL Program is working with their local college to start a new welding program, which includes renovating a shared space for the hands-on training portion of the class. The space needs to have a ventilation system installed per OSHA regulations. The cost of this system from a vendor-approved contractor is \$30,000, which includes materials and labor. AEL agreed to pay for the system.

Is this a **Red** purchase or a **Green** purchase?

This a **Red** purchase because the space is shared with the college. This should be a shared cost.

THANK YOU!



REFERENCES

- TWC FMGC: <https://www.twc.texas.gov/sites/default/files/finance/docs/financial-manual-for-grants-and-contracts-twc.docx>
- FMGC Supplement on Procurement: <https://www.twc.texas.gov/sites/default/files/finance/docs/financial-manual-for-grants-and-contracts-appd-procurement-supplement-twc.docx>
- AEL Letter 03-21: https://www.twc.texas.gov/files/policy_letters/ael-03-21-twc.pdf
- WD Letter 17-10: <https://www.twc.texas.gov/sites/default/files/wf/policy-letter/wd/17-10-twc.pdf>
- TA Bulletin 259: <https://www.twc.texas.gov/sites/default/files/wf/policy-letter/ta/tab-259-twc.pdf>
- OCTAE Memo 17-2: <https://www2.ed.gov/about/offices/list/ovae/pi/AdultEd/octae-program-memo-17-2.pdf>
- AEL Letter 01-23: <https://www.twc.texas.gov/sites/default/files/wf/policy-letter/ael/ael-01-23-att1-twc.pdf>
- AEL Letter 02-23: <https://www.twc.texas.gov/sites/default/files/wf/policy-letter/ael/ael-02-23-twc.pdf>