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200 New River Town Center
Beckley, WV 25801

Region 1 Workforce Development Board Policy Letter #23

Subject: Obligations & Accruals

Effective Date: February 17, 2021

Overview:

2 CFR 200.97 Unliquidated Obligations: *Unliquidated obligations* means, for financial reports prepared on a cash basis, obligations incurred by the non-Federal entity that have not been paid (liquidated). For reports prepared on an accrual expenditure basis, these are obligations incurred by the non-Federal entity for which an expenditure has not been recorded.

ETA requires all grantees to report all financial transactions on a full accrual basis.

TEGL 28-10 defines accruals: Examples of expenditures that are to be reported monthly include: (a) all costs of goods and services which have been received and paid for; (b) the salaries and benefits earned by employees for work performed or leave taken, whether or not the payroll checks have been issued; (c) the cost of services received by clients/participants, such as child care or transportation, for which the grantee has a legal requirement to pay; (d) the cost of training which has been received by enrolled participants; and (e) the cost of tuition paid up front for participants enrolled in classes as explained below.

It is important to note that accrued expenditures include costs where the services have been received, but not yet billed. A prime example of this is tuition. Tuition costs are often billed months after the participant has entered and received training. Therefore, the cost of the tuition for the training is accrued, even though it has not been billed. The full cost of tuition for the current semester/quarter classes in which an individual is enrolled can be expensed when paid up front. By reporting the costs on an accrued basis, grantees may accrue the costs either at the beginning of the semester/quarter when paid up front, or as the participant receives training.

Policy:

Region 1 has developed and implemented the following policies and procedures to ensure that unliquidated obligations and accruals for all cost types are correctly reported. Accruals and unliquidated obligations for all cost categories, as defined by TEGL 28-10, will be included in monthly reports.

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Auxiliary aids and services are available upon request to individuals with disabilities.

The following steps will be taken to assure financial information entered into the Statewide Fiscal Reporting System (MACC) accurately tracks and reports obligations and accrued expenditures:

The R1WDB will maintain the following:

- An Accrual Worksheet
- Track by funding stream, i.e., Adult, Dislocated Worker, and Youth
- An ITA Accrual Worksheet
 - Agreements with Training Providers will be negotiated to allow for partial payments in accordance with the WFWV WIOA Policy 02-20. (Tuition to be paid at enrollment, midpoint, and at the end of training.)
 - Separate ITA spreadsheets for each funding stream
- An Obligation Worksheet
 - Track by funding stream
 - ITAs will not be considered as obligations until enrollment has been verified
 - Worksheet will include sub-contracts, lease contracts, etc.
- Worksheet must identify unliquidated obligations so FAM can confirm unallowable unliquidated obligations are not being reported per TEGL 28-10.
- The aforementioned worksheets will be used to complete monthly reports in the MACC.
- Backup documentation to support figures reported can be requested by FAM at any time.

Expiration Date: Effective until rescinded or modified by the Region 1 Workforce Development Board.

Approved:	1.28.21	Executive Committee
	2.11.21	R1WDB Members
	2.17.21	LEO Members