



July 1, 2015

EASTERN CAROLINA LOCAL AREA ISSUANCE NO. 2015-16

SUBJECT: Pre-Award Survey

PURPOSE: The purpose of this issuance is to transmit the Eastern Carolina Local Area's (ECLA) policy for activities to be conducted prior to the official execution of Workforce Innovation and Opportunity Act (WIOA) or other grant agreements.

BACKGROUND: OMB Circular A-110 (Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations) sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with these organizations. The Eastern Carolina Local Area has developed procedures to ensure that these administrative requirements are met and to obtain reasonable assurance that each potential grantee possesses the administrative and fiscal capability to safeguard federal funds. These procedures fall into two main categories:

1. Obtaining and reviewing the grantee's completed pre-award survey
2. Obtaining and reviewing the grantee's required documentation

Discrepancies and/or inadequacies revealed by the review are addressed prior to grant finalization.

The procedures for obtaining and reviewing the grantee's required documentation have previously been issued by letter, e-mail, or memo and have not been developed into a formal policy.

POLICY: A pre-award survey will be obtained from each new grantee prior to execution of its initial grant agreement with the Eastern Carolina Workforce

Development Board, Inc. For purposes of this issuance, a new grantee is an organization which has never entered into a grant (or other contractual agreement) with the Eastern Carolina Local Area or is not a grantee at the time a new agreement is sought. It does not apply to an existing grant unless significant changes have occurred to the information as previously submitted. However, the Eastern Carolina Local Area reserves the right to request the completion of a pre-award survey at any time prior to entering into additional agreements with a provider if it determines that doing so is in the best interest of the WIOA programs it administers. The Eastern Carolina Local Area's pre-award survey is included as Attachment A.

Although OMB Circular A-110 does not specifically apply to commercial organizations, the Eastern Carolina Local Area's policies outlined in this instruction will apply to all its grantees, including commercial grantees.

ACTION: To ensure proper implementation of this directive, please distribute this instruction to all employees and officers responsible for its implementation.

EFFECTIVE DATE: Immediately

EXPIRATION DATE: Indefinite

CONTACT: Executive Director

DISTRIBUTION: All WIOA Service Providers



Tammy L. Childers, Executive Director

Attachment: Eastern Carolina Local Area Pre-Award Survey

EASTERN CAROLINA LOCAL AREA PRE AWARD SURVEY

Applicant/Grantee			
1. Identification of Grantee:			
a. Address			
b. Telephone Number			
c. Principal Officials of Proposer			
	Name	Title	
2. Describe the filing system for the following records:			
Record	Location	Filing Sequence	
a. Staff employment applications			
b. Staff Payroll registers:			
c. Staff W-4's:			
d. Staff W-2's:			
e. Staff Leave records:			
f. Staff cumulative earnings records:			
g. Staff 941's:			
h. Staff time and attendance reports:			
i. Cancelled payroll checks:			
j. Cancelled checks other than payroll:			
k. Non-payroll check registers:			
l. Bank reconciliation:			
m. Blank checks:			
n. Voided checks:			
o. Vouchers and invoices supporting payments:			
p. Proposer's accounting records:			
q. Workpapers supporting financial reports:			
r. Grant documents: to included Guests and modifications, financial reports, correspondence.			
INTERNAL CONTROL		Yes	No
1. Are funds advanced to the proposer deposited in a bank with FDIC coverage? (OMB A-102, Attach A, Item4)		<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Are bonds paid from WIOA funds limited to employees who handle WIOA funds? (OMB- A-87, Item B5)		<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Are WIOA employees bonded to the extent the proposer's non-WIOA staff are bonded? (OMB A-102, Item 1)		<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Does grantee/applicant have written accounting procedures that adequately cover their operations?		<input type="checkbox"/> Yes	<input type="checkbox"/> No

5. Accounting for and use of checks:		
a. Are all checks pre-numbered?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Are voided checks treated in a manner which prevents reuse?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
1. Are they filed in numerical sequence with paid checks?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Are checks periodically voided if outstanding for long periods?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
d. Are blank checks adequately safeguarded to prevent unauthorized access?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
e. Are undelivered checks adequately:		
1. Safeguarded from unauthorized use?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Accounted for?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
f. Is more than one signature required on checks?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
g. Are check signature requirements for WIOA funds as restrictive as other programs operated by the grantee/ applicant?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
h. Are controls over mechanical check signers adequate?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
i. Is a check protector in use?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
j. Is drawing of checks payable to cash prohibited?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
k. Must documentation accompany checks for signature?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
1. Is such documentation stamped or perforated so as to prevent duplicate payment?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
l. Is signing of checks in advance prohibited?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
m. Is the check signing authority restricted to executives who do not have access to accounting records?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. Are monthly cash reconciliations made to bank and/ or depository (State or City Treasurer, etc.)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7. Are payrolls based on time and attendance reports or their equivalent? (OMB A-87, Sec 10)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
a. Are time and attendance reports certified by:		
1. Employee?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Supervisor?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Are leave slips signed by staff?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Are all employees and staff paid only by check?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
d. Is the preparation of the payroll entirely separate from and independent of the delivery of paychecks?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
e. Is the distribution of paychecks made by independent persons not involved in time-keeping or bank reconciliation work?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
f. Are payroll clerical operations independently proofed and verified before the payroll is distributed?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
g. Are additions to and separations from the payroll and changes in rates made effective through formal authorization by an appropriate executive?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. Are formal purchase orders required for all purchases?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9. Do the procedures for verifying invoices require a signature on every voucher to show that the following steps have been taken:		
a. Comparison of quantities billed on the invoice with quantities on the purchase order?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

b. Comparison of the invoice and purchase order for:		
1. Prices?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Discounts?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Credit period?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Terms of shipment?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Proof of the clerical accuracy of extensions, footings, and deduction of discounts of the invoice?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
10. Are trial balances of the books of account made?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
11. Are loans to and from other programs controlled through General Ledger and Subsidiary Ledger receivable and payable accounts?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
12. Is the separation of duties shown below adequate to provide internal controls necessary safeguarding Federal funds?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
13. List persons performing the following functions:		
Function	Employee Name	Employee Title
a. Sign checks		
b. Records disbursements in books of account		
c. Prepares personnel actions		
d. Approves personnel actions		
e. Prepares initial payroll authorization for:		
1. Staff		
2. Participants		
f. Reviews time and attendance reports in payroll section		
g. Posts leave earned and taken to cumulative leave records		
h. Prepare list of persons performing additional functions as necessary		
14. Does grantee have on hand copies of:		
1. OMB A-102	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. OMB A-87 [Effective August 31, 2005, now found in Title 2 of CFR, Subtitle A, Chapter II, part 255]	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Regulations, manuals and instructions covering program being reviewed?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. No Overdue Tax Statement?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Principles for determining allowable costs of programs administered under federal grants are determined by OMB A-102 and the grant agreement.

OMB A-102 establishes three major categories of costs: Allowable Costs, Costs Allowable with the Approval of the Grantor, and Unallowable Costs.

ALLOWABLE DIRECT COSTS

For most grant programs, the grantor agency, establishes certain categories for accumulating direct program costs, and describes the costs that should be accumulated in each of these categories. Allowable direct costs are those that can be identified specifically with a particular cost category and that meets the federal criteria for allowability. These costs may be charged directly to the program.

1. Has the grantor agency provided cost categories for accumulating expenditures incurred in administering the grant?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Does the grantee have a formal system of cost accounting/control for direct costs?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Are costs accumulated consistently throughout the program?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Does the grantee's system provide for:		

a. Prompt identification of unallowable costs?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. An early warning to management of possible cost overruns?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Identification of capital requirements?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. Has the grantee sought agency approval of those costs which upon such approval may become allowable by OMB A-102?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

INDIRECT COSTS

Indirect costs are those costs incurred for a common or joint purpose benefiting more than one category and that are not readily assignable to a specific cost category.

Indirect costs can be allocated to grant programs using any of the following methods:

- a. Actual costs
- b. Predetermined fixed rate
- c. Negotiated lump sum

The grantee's proposed allocation method and related costs are summarized in an indirect cost proposal, which is reviewed and approved by a designated (cognizant) federal agency.

1. Has the grantee established guidelines for allocability indirect costs to grant programs?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Are the grantee's guidelines in compliance with federal and grantor's rules and regulations?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Has the grantee's indirect cost proposal been approved by a federal agency?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Does the indirect cost proposal include the grantee's indirect costs, as well as the allocable costs of State or local government departments supplying services to the grant program?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

LIST ACTIVE FEDERAL GRANTS INCLUDING

- Funding agency
- Grant number(s)
- Grant period(s)
- Grant amount(s)