COLORADO
Department of Labor and Employment

Workforce Development Programs
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Denver, CO 80202

Category/Subject:	Notice of Fund Availability (NFA) and Expenditure Authorization (EA) Procedures
Colorado Policy Guidance Letter#:	FIN-2013-01 (prior #13-08-P)
Revise/Replace PGL#:	PGL 12-01-P
Date:	November 22, 2013
Distribution:	CDLE Management/Finance, State/Local Workforce Directors & Staff, Partners

I. REFERENCE(S):

Colorado Revised Statutes (C.R.S.) 8-77-109 Establishment of the Employment Support Fund (ESF) for use by the Colorado Department of Labor and Employment – Division of Employment and Training; C.R.S. 8-83 Workforce Development Part 1 Division of Employment and Training; C.R.S. 8-83-104 State Employment Service; C.R.S. 8-83 Part 2, Workforce Investment Act; the Federal Workforce Investment Act of 1998 (WIA) (also known as Public Law 105-220) Section 111 which includes the Wagner Peyser Act (WP); and, other Federal and State funding appropriations for programs, such as, the Jobs for Veterans State Grant (JVSG) Program, authorized by Title 38, United States Code Chapter 41 and Public Law 107-288 Jobs for Veterans Act of 2002, National Emergency Grants, State Incentive Grants, the State's Displaced Homemaker Program, and other workforce development programs.

II. PURPOSE: This Policy Guidance Letter provides information about the NFA-EA process and the procedures for using the EA document and the Informal EA Modification Form (IEAMF) for accessing funds allocated in the NFA or for processing EA modifications pursuant to an executed WDP Agreement.

III. BACKGROUND:

The NFA is issued by the Colorado Department of Labor and Employment (CDLE) to provide original program allocations; specific or additional funding provisions based on the Federal and/or State laws and/or program requirements covering the specific funding stream or discretionary grant, if such funding provisions are not otherwise stated in Exhibit D of an executed WDP Agreement; increases and/or decreases in funding; extensions of the period of performance; other modifications to original NFAs, as needed; and a summary total amount of funds provided for each funding source.

An EA is executed between the Local Workforce Region and the State for allocations of funding identified in an NFA or for EA modifications. The EA identifies the statement of work to be performed, the services to be delivered, an expenditure budget for program delivery, and other special conditions for the use of each funding source. In addition, the EA serves as a primary source of data for program and fiscal monitoring purposes.
The NFA and EA become part of the current WDP Agreement once it has been fully executed. The use of the NFA, EA, and Informal EA Modification form documents are subject to the provisions of the executed WDP Agreement.

IV. POLICY/ACTION:

A. Notice of Fund Availability (NFA)

1. Funding Allocations. Funds are provided to the Local Workforce Region through a State-issued Notice of Fund Availability (NFA). Except in the cases of non-formula allocated discretionary grants or budget modifications that change the total dollars by more than $250,000.00, the NFA serves as the State's commitment document to the Local Workforce Region and is the State's obligation of funding. The commitment document for non-formula allocated discretionary grants or for budget modifications that change the total dollars by more than $250,000.00 consists of the NFA and an executed EA.

2. Start Date. The start date for incurring costs and performing work using formula allocated funds is identified on the NFA. However, for non-formula allocated discretionary funds, the Local Workforce Region may not incur costs nor begin work until an EA is fully executed.

3. NFA Consent letter Special Procedures: When an NFA reduces funding allocations.

Pursuant to the provisions of the WDP Agreement, the Director of the Local Workforce Region or County Official is required to submit a signed NFA Consent Letter for any funding allocations that are being reduced through a State-issued NFA. The NFA Consent Letter shall be signed and submitted to the State after the Parties have discussed and/or negotiated funding reductions. A copy of this letter shall be attached to the Informal EA Modification Form or Formal EA Modification which the Local Workforce Region submits to the State following the receipt of the NFA.

4. NFA Consent Letter.

a. The NFA Consent Letter shall be created on official letterhead or in an email with the Local Workforce Region's official logo. The NFA Consent Letter shall be signed by the Local Workforce Region Director or County Official and emailed by the Local Workforce Region Director to the State pursuant to the procedures described in the 4.b below. The NFA Consent Letter shall be dated and include a statement similar to the following:

> "As Director (or Delegated Signature Authority/County Official) for the NAME Workforce Region, I agree to the funding reduction as noted below which will be enacted through a forthcoming NFA issued by the State.
>
> *Name of Funding Stream* in the amount of *$x,000.00* (dollar amount of reduction)
>
> I understand that the reason for this funding reduction is because: (provide the reason for the reduction, such as:
>
> - Federal funding rescission;
> - the NAME Workforce Region is reducing the discretionary grant allocation to allow another region to utilize the funds;
> - there was an error in the formula allocation of funds that requires an adjustment;
> - the NAME Workforce Region will not be able to spend out the funding by the expiration date and would like to return the budget to the State;
> - There have been changes in the performance outcomes requirements for this grant which impacts the amount of budget required to support the grant; or
> - Other Reason: (as described here)"

b. The NFA Consent Letter shall be addressed (or emailed) to the Director of Workforce Programs, Policy and Special Initiatives and sent (or copied) to the WDP Program and Grant Administration Coordinator for processing. The signed copy shall be placed in the State's master WDP Agreement file for documentation. A copy of this letter shall also be included with the Informal EA Modification Form or Formal EA modification that typically follows the Local Workforce Region's receipt of the NFA.

5. NFA Distribution. Signed NFAs shall be mailed to the legal authorized signatory for the Local Workforce Region (e.g. the Chair of the Board of County Commissioners, the Chief Elected Official (CEO), a County official, the Mayor, or their designee, etc.) with an electronic copy emailed to the Chair of the Local Workforce Investment Board (LWIB) for the Local Workforce Region, the Local Workforce Region Director, and other State and local staff.

B. Expenditure Authorizations (EAs)

1. Following the receipt of an NFA, the Local Workforce Region shall submit to the State a draft original EA for review and approval prior to submitting signed copies to the State for processing.

An original EA provides the required statement of work with performance measures for each funding stream allocated to the Local Workforce Region through an NFA and is required to be executed prior to the disbursement of funds. An original EA is submitted as part of the Local Plan in order to receive initial funding for the program year starting July 1. **All signed original EAs or EA modifications shall be submitted to the State within sixty (60) days of the date of the NFA.**

2. A fully completed original EA includes:

- an appropriate Budget Information Summary Table or a copy of the allocation table provided on the NFA;
- a narrative explanation of planned expenditures or appropriate budget information;
- a discretionary grant budget chart, if applicable;
- an explanation of the impact on program services as a result of a transfer of funding between Adult and Dislocated Worker/25% Enhanced Dislocated Worker programs, if such a transfer is included in the EA;
- Planned Participation Summary and Planned Program Activities charts; and,
- Projected Quarterly Expenditures charts, as appropriate. The Planned Participation Summary and Planned Program Activities charts are not needed for discretionary grants that do not provide services to participants (e.g. Local Veterans Employment Representatives operating, Performance Incentive, Outreach, training, etc.).

The signature block on page one should show the names of the County Official and the Chair of the Local Workforce Investment Board (LWIB) who are signing the EA.

3. **Signature requirements:**

a. Original EAs and Formal EA modifications shall be signed by: the legal authorized signatory for the Local Workforce Region (e.g. the Chair of the Board of County Commissioners, the Chief Elected Official (CEO), a County official, the Mayor, or their designee, etc.); the Chair of the Local Workforce Investment Board (LWIB); the Workforce Center Director; the Colorado Department of Labor and Employment (CDLE) Executive Director or designee; and the State Controller or designee.

b. When an Informal EA Modification Form is used, only the Local Workforce Region Director or delegated County Official is required to sign the form. If the Local Workforce Region's delegated signature authority requires additional signatures on the IEAMF, additional signature blocks may be added on the signature page as needed.

c. The Local Workforce Region may use one signature page for an EA with multiple funding streams as long as the funding allocations were provided on NFAs with the same numbering series (e.g. 14-01, 14-02, 14-03, etc.) that relate to one WDP Agreement. Separate EAs would be required if the funding allocations were issued on NFAs under different numbering series and separate WDP Agreements.

C. Modification of an Expenditure Authorization

1. General Guidelines.

a. Effective with the execution of the FY14 WDP Agreement and this PGL, the NFA provides unilateral authority of the State to effect changes in an original EA which previously were accomplished through a formal EA modification. As stated in C.3.a. below, for every NFA that provides initial allocations of a grant, the Local Workforce Region shall submit an Original EA. For any other subsequent NFAs which effect changes to the original EA, a formal EA modification or Informal EA Modification Form, as applicable, shall be submitted to the State for review and approval within thirty (30) days of the date of the NFA.

Modifications may be made to an Expenditure Authorization for the purposes of:

- increasing fund allocations;
- reducing fund allocations;
- implementing Federal grant rescissions;
- processing reallotments;
- making changes to the budget line items;
- deobligating funds;
- extending the grant period of performance;
- transferring funds between programs; and
- executing program changes, such as: changes in the Statement of Work (e.g. modifications to Services, Program Activities, and/or Training to be provided and/or performance outcomes); reductions in the number of participants served; repurposing the use of funds; and/or other changes to planned activities and/or expenditures.

The need for EA modifications may be initiated by a State issued NFA or may be identified during the State's program reviews or annual compliance monitoring sessions which occur within the period of performance of the original executed EA. EA modifications may also be initiated by the Local Workforce Region, if such EA modifications are required or allowed by the directives in this PGL.

b. For EA modifications that <u>only</u> involve changes to the planned participant numbers or projected quarterly expenditures for Adult, Youth, Dislocated Worker or 25% Enhanced Dislocated Worker programs, the following applies:

i. EA modifications initiated by the Local Workforce Region shall not be accepted if submitted to the State later than April 1 of any given program year for which a

modification is being requested, except under unusual circumstances. Such EA modifications shall be reviewed and approved on an individual basis by the Regional Liaison.

ii. Participant numbers, performance outcomes, and expenditures may not be changed for any quarter that has already been completed or is within one month of being completed.

iii. An Informal EA Modification form may be used for changes to the planned participant numbers, performance outcomes, program activities, or projected quarterly expenditures unless such changes require a formal EA modification pursuant to the directives of this PGL (see Section 2 and 3 below).

c. For non-formula allocated and formula allocated discretionary grants, no later than **ninety (90) days** prior to the end of the grant performance period, the Local Workforce region shall submit to their Regional Liaison any EA modification requested for review and approval.

d. Revised Projected Quarterly Expenditures, Planned Participation Summary, and Planned Program Activities Charts are required in all EA modifications for any funding streams that serve participants.

2. **Formal EA modifications:** A fully completed formal EA modification uses the standard bilateral EA template, signed by the Local Workforce Region and the State, and shall include: a copy of the allocation table from the NFA or a revised Budget Information Summary Table (BIST) showing the transfer/change in funding and/or budgets; a narrative explaining the budget change(s); a detailed explanation about the impact of the change on service delivery and outcomes; a modified discretionary grant budget chart for discretionary grants, if applicable; and revised Projected Quarterly Expenditures, Planned Participation Summary, and Planned Program Activities charts.

A formal EA modification is required when:

a. A reduction in the number of participants is more than 15% of the original planned goals for the Adult, Youth, and Dislocated Worker Programs as well as for other discretionary grants;
b. The EA increases or decreases funding in an amount greater than $250,000.00;
c. The EA modification entails a change in the statement of work and scope of services, including a repurposing of the use of funds; or
d. When a transfer between the Adult and Dislocated Worker programs is more than $250,000.00.

Upon proper execution and approval of the formal EA modification, the Local Workforce Region may begin work and/or implement changes related to the modified terms of the EA.

NOTE: Unlike the Informal EA Modification Form that effects changes upon the receipt by the State of a signed Informal EA modification form from the Local Workforce Region, a formal EA modification shall be fully executed before the modifications therein are effective.

3. **Informal EA Modifications:** The Informal EA Modification Form (IEAMF) may be used pursuant to the provisions of the executed WDP Agreement and is a unilateral document signed by the Local Workforce Region Director or a County Official. Use of the IEAMF applies in many circumstances but its use falls primarily in two categories: 1) in response to State-issued NFAs; or 2) initiated by the Local Workforce Region and submitted to the Regional Liaison for review and approval.

a. For every NFA that provides initial allocations of a grant, the Local Workforce Region shall submit an Original EA. For any other subsequent NFAs which effect changes to the original EA, a formal EA modification or IEAMF, as applicable, shall be submitted. Unless otherwise stated elsewhere in the WDP Agreement or this PGL, and in most cases, an IEAMF may be submitted in response to NFAs subsequent to the NFA providing the initial allocation of funds (see Section C.3.c below regarding when an IEAMF may be used).

After the Project coordinator, WDP Program and Grant Administration Coordinator, and Regional Liaison have approved the content of the IEAMF, the Director of the Local Workforce Region or delegated county official shall sign the form and submit it to the WDP Program and Grant Administration Coordinator. This signed form serves as confirmation to the State of the Local Workforce Region's acceptance of the NFA and its provisions. No further action is needed. The signed IEAMF will be filed in the WDP Agreement file. Upon receipt by the State, of the signed IEAMF, the modification(s) conveyed through the NFA become effective and cash may be disbursed for allowable expenses.

b. All Informal EA modifications shall be processed by using the Informal EA Modification Form (IEAMF) which is a scaled down version of the standard Original EA template (see Exhibit K of the WDP Agreement and also attached here as Attachment 3). An Informal EA Modification shall include, at minimum, an explanation of what is being changed; a justification for that change; reference to the funding stream Financial Tracking and Reporting System account number (i.e. the Vax account number); an explanation of the impact of the change on the Statement of Work, expenditures, and/or performance measures or project outcomes, as applicable; revised BISTS; a revised discretionary grant budget chart, if applicable; and revised Projected Quarterly Expenditures, Planned Participation Summary, and Planned Program Activities charts, as applicable.

c. An IEAMF may be used in the following cases:

i. In response to any NFA unless a formal EA modification is required pursuant to the provisions of the executed WDP Agreement or as stated elsewhere in this PGL (see Section C.2 above).

ii. For changes in the Planned Participation numbers of less than 15% as compared to the original local plan. Modifications to a program year's Local Plan shall be requested by the Local Workforce Region no later than ninety (90) days prior to the end of the grant or period of performance.

iii. For transfers between the Program and Administrative budgets within the Adult, Youth, Dislocated Worker, or 25% Enhanced Dislocated Worker funding streams as long as the Administrative budget does not exceed 10% of the total allocation and/or does not exceed the maximum percentage of the administrative budget allowed by a specific grant or determined in applicable PGLs, grant solicitations, or other State and Federal guidelines;

iv. Budget transfers between the Adult and Dislocated Worker programs (which are allowable under the Workforce Investment Act (WIA)) in an amount up to $250,000.00. Up to 50% of the Adult or Dislocated Worker/25% Enhanced Dislocated Worker amounts may be transferred. Transfers may only be made between funds with the same funding year, i.e. PY to PY or FY to FY. The associated 10% Administrative budget shall be transferred appropriately;

v. For WIA 25% funds that are described as "Enhanced Dislocated Worker" or "Rapid Response", the budgets for these programs may be exchanged or transferred between each program. (Funds identified as WIA 25% Layoff Reserve may not be transferred).

1. If 25% Enhanced Dislocated Worker funds are transferred to the Rapid Response Program, the Administrative budget associated with those 25% Enhanced Dislocated Worker funds shall also be transferred to the Rapid Response Program. These administrative funds become Rapid Response Program dollars because there is no Administrative budget allowed for Rapid Response.

2. If Rapid Response funds are transferred to the 25% Enhanced Dislocated Worker program, up to 10% can be budgeted for administrative costs. The administrative budget will need to be identified.

vi. For non-formula allocated discretionary grants, an Informal EA Modification may be used to modify a previously executed EA unless a formal EA modification is required pursuant to the directives of this PGL; and/or

vii. For other situations approved by the State.

D. Review and Approval of Draft EAs and Formal EA Modifications.

To the extent possible, **within thirty (30) calendar days** of the date of the NFA and prior to routing an EA/Formal EA Modification for final signatures, the Local Workforce Region shall submit electronically a draft EA/Formal EA Modification to the State for review and approval. To the extent possible, within ten (10) working days of receiving the electronic version of the EA/Formal EA Modification, State staff shall review and provide to the Local Workforce Region comments for revisions or an approval of the EA/Formal EA Modification for processing. To minimize time and ensure that the final version of the EA/Formal EA Modification has been approved by all parties, the following review process shall be followed (see Attachment 4, EA Processing Flow Chart):

1. **Project Coordinator for Discretionary Grants.** After receiving an NFA, the Local Workforce Region shall prepare an original EA to submit electronically to the State for review. The Project Coordinator shall be identified in the email that the WDP Program and Grant Administration Coordinator sends out with the NFAs. The draft original EA shall be in one electronic document and shall include all pages completed including the signature page with the appropriate WDP Agreement number on it. The Local Workforce Region shall email it to the Project Coordinator first for review of the programmatic statement of work, performance outcomes, and planned expenditures. After reviewing and providing comments on the EA and/or an approval, the Project Coordinator shall forward the draft EA to the WDP Program and Grant Administration Coordinator with the comments/approval. If there is no Project Coordinator identified with the NFA announcement, the Local Workforce Region shall skip this step and email the draft directly to the WDP Program and Grant Administration Coordinator.

2. **WDP Program and Grant Administration Coordinator.** The WDP Program and Grant Administration Coordinator shall review the EA/Formal EA Modification for accuracy of the allocation amount, budget information summary tables, allocation charts, budget charts, budget categories, Financial Tracking and Reporting System account number (i.e. the Vax expense report number), signature block for name of signatory, period of performance, and the document in general to ensure that it meets the requirements of the WDP Agreement. After reviewing and noting any needed changes and/or approving

the draft EA/Formal EA Modification, the WDP Program and Grant Administration Coordinator shall email the draft to the Regional Liaison for final review.

3. **Regional Liaison.** The Regional Liaison shall review the overall document with specific attention to the Projected Quarterly Expenditures, Planned Participation Summary, and Planned Program Activities charts. Any remaining questions about the Statement of Work, Budgets, and/or performance outcomes shall be addressed by the Regional Liaison. After the Regional Liaison has reviewed the EA/Formal EA Modification, he/she will send it back to the Local Workforce Region for final requested changes or to address any final concerns. The Local Workforce Region shall email the revised EA/Formal EA Modification with all requested changes back to the Regional Liaison. The Regional Liaison shall be the final reviewer and shall provide final approval to the Local Workforce Region that the EA/Formal EA Modification is ready to process for signatures and be submitted to the State. Upon approval, the Regional Liaison shall email the final document to the Project Coordinator, WDP Program and Grant Administration Coordinator, and the Local Workforce Region.

After the Local Workforce Region has received approval from the Regional Liaison, the Local Workforce Region can process the EA/Formal EA Modification for signatures. Signed copies of EA/Formal EA Modification shall be mailed to the WDP Program and Grant Administration Coordinator for processing.

Note: The State reserves the right to change its review process in order to expedite the processing of an EA, EA modification, or informal EA modification.

E. Submitting Signed Original EAs and Formal EA Modifications

If a pre-created EA template is distributed by the State with the NFA, EAs are required to be submitted on that template. Otherwise, use the Original EA template (see Attachment 2).

1. Signature Page and Number of Copies: Original EAs and Formal EA Modifications

   Make sure that your Workforce Region Name and the CMS# in the upper right corner of the EA/Formal EA Modification is correct. Copy the allocation table from the applicable NFA onto the signature page.

Workforce Region: **NAME**			**CMS#**
Funding Source	**Term**	**Vax #**	**$ Amount**
PYXX WIA Adult	10/1/13 to 6/30/15		**$0.00**
PYXX WIA Youth	10/1/13 to 6/30/15		**$0.00**
PYXX WIA Dislocated Worker	10/1/13 to 6/30/15		**$0.00**
PYXX Wagner Peyser	10/1/13 to 6/30/14		**$0.00**
Total EA			**$0.00**

2. The signature block on page one should show the names of the County Official and the Chair of the Local Workforce Investment Board (LWIB) who are signing the EA.

3. After the review and approval process delineated in Section IV.D above is completed, the Local Workforce Region shall submit a minimum of **TWO** signed copies of the EA/Formal EA Modification to

the WDP Program and Grant Administration Coordinator for processing. After the EA/Formal EA Modification is fully executed, the State will keep **ONE** original copies and mail one original copy to the Local Workforce Region. If the Local Workforce Region requires more than one original copy of an EA/Formal EA Modification, additional signed copies may be submitted, and, once executed, remaining copies (beyond the State's required ONE original copy) shall be returned to the Local Workforce Region.

4. The signature page shall be **STAPLED** on the top of the EA. Each copy of the EA shall have original signatures from the required signatories. Each EA may include requests for multiple sources of funds as identified on the applicable NFAs. If funds have been provided under separate WDP Agreements, and therefore under a separate series of NFAs, then those funds shall be submitted on separate EAs.

Effective with this PGL, the following is a new section to cover the use of the new Informal EA Modification Form (IEAMF).

F. Review, Approval, and Submittal of Informal EA Modifications.

Processing Informal EA Modification Forms

1. Review and Approval of a Draft IEAMF. The Informal EA Modification form shall be subject to the same review and approval process as an original EA or formal EA modification. An electronic version of the IEAMF shall be submitted to the State and upon approval by the Regional Liaison, the IEAMF shall be processed by the Local Workforce Region for submittal to the State.

2. Submittal of a Signed IEAMF. Following the email approval by the Regional Liaison, **ONE** copy of the Informal EA Modification Form shall be signed by the Local Workforce Region Director or delegated county official and shall be submitted to the WDP Program and Grant Administration Coordinator to document the change(s). **When submitting the signed Informal EA Modification form, a copy of the NFA and/or the NFA Consent Letter, as applicable, shall be attached to each copy** (see Section IV.A. above regarding the NFA Consent Letter). The Local Workforce Region shall keep an electronic copy of these documents in their master contract file for future reference.

3. The Local Workforce Region may initiate an Informal EA Modification without an NFA. If the Informal EA Modification is not related to an NFA, no attachments are needed; however, the IEAMF shall provide an explanation of the need for the modification.

4. As stated above in Section C.3.a., upon receipt by the State, of the signed IEAMF, the modification(s) conveyed through the IEAMF become effective and cash may be disbursed for allowable expenses.

5. The Local Workforce Region is responsible for providing a copy of the signed IEAMF (paper or electronic) to their Local Workforce Investment Board.

G. Method of Payment: Refer to the Subrecipient Financial Procedures PGL for explicit instructions and further guidance related to this section.

The Local Workforce Region is required to set up an Electronic Fund Transfer (EFT) authorization in order for disbursements to be transferred from the State to the Local Workforce Region. Prior to disbursing any funds, the State shall have on file an authorization letter identifying the Local Workforce Region’s legal

authorized signatories for the Cash Request Form. This letter shall be submitted annually to the CDLE Controller's Office, prior to the start of each program year on July 1.

Local Workforce Regions may receive cash disbursements from each funding stream (previously approved for expenditure in an executed EA or EA modification) by using the following procedures:

1. Cash requests may be made weekly or monthly by phone, fax, or email to the CDLE Controller's office. **All Cash requests shall be processed during the hours of 7:30 am until Noon on Mondays** (Tuesdays if Monday is a State holiday). Cash is then transferred to the Local Workforce Region's account via electronic fund transfer by Friday. Phone: 303-318-8119, Fax: 303-318-8128, or email to john.m.torres@state.co.us.

2. An original, signed Cash Request Form (VAX print command /PCN) shall be submitted to the CDLE Controller's Office within the week of making the Cash Request. The signature on the Cash Request Form shall match the signature on the authorization letter.

3. Payment vouchers are processed after the cash requests have been received on Monday mornings. Funds are then deposited into the Local Workforce Region's account and are generally available by the end of the week.

V. IMPLEMENTATION DATE: Upon receipt of this PGL.

VI. INQUIRIES: If you have any questions regarding this PGL and the provisions herein, please contact the WDP Program and Grant Administration Coordinator at (303) 318-8820 or email: chrystalynn@state.co.us.

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Elise Lowe-Vaughn, Director
Workforce Programs, Policy and Strategic Initiatives

ATTACHMENTS:

Attachment 1: Definitions and Instructions for completing an EA and an Informal EA Modification Form
Attachment 2: Expenditure Authorization (EA) Standard Template
Attachment 3: Informal EA modification Form
Attachment 4: EA Processing Flow Chart