

March 10, 2000

JOB TRAINING PARTNERSHIP ACT (JTPA)
STATE ADMINISTRATIVE ENTITY (SAE)
SAE INFORMATION NOTICE NO. 37-99
(SIN NO. 37-99)

SUBJECT: CLOSEOUT OF STATE FORMULA-FUNDED ACTIVITIES UNDER THE JOB TRAINING PARTNERSHIP ACT (JTPA) RELATED TO TRANSITION TO THE WORKFORCE INVESTMENT ACT (WIA)

1. **PURPOSE.** To provide instructions and policy guidance on the closeout of the formula-funded Program Year (PY) 99 JTPA activities.
2. **BACKGROUND.** The Workforce Investment Act (WIA) initiates a new delivery system for providing employment and training services beginning in New Mexico on July 1, 2000 and requiring close-out of current JTPA operations. Beginning July 1, 2000 only grant closeout activities and expenditures will be allowed under JTPA. All JTPA participants will be transitioned into WIA and additional services for JTPA participants will be provided under WIA.

The State is required to closeout JTPA programs for the entire State system no later than 180 days after the State's full implementation of WIA or December 31, 2000, whichever comes first. Discretionary and competitive grants awarded under JTPA will continue for the period specified in the award document. One-Stop grants awarded under Wagner-Peyser and Welfare-to-Work will not be subject to the closeout process. This close-out process applies only to the formula funded activities under Titles IIA, IIB, IIC and III of JTPA.

DISTRIBUTION:

WDB and PIC Chairpersons	SAE/NMSDA/NMSA EO Office
SDA/SA Administrative Entities	SAE/NMSDA/NMSA Legal Counsel
SAE Subrecipients	SAE SPPTA and SOPC Bureaus
NMSDA/NMSA Subrecipients	USDOL Federal Representative

3. **ACTION.** This SIN provides detailed instructions concerning the various aspects of the closeout of formula-funded JTPA grants, as well as related activities that have an impact on closeout. Subrecipients must follow the instructions contained herein.

A. Closeout Procedures.

1. Establishment of a Timeframe. It is the responsibility of the States to set timelines to assist their subrecipients and contractors with closeout. The timelines established must provide sufficient time to allow the State to comply with those set by the United States Department of Labor (USDOL).
2. Closeout Plan. States are required to obtain from their subrecipients a plan for closeout of JTPA activities. This closeout plan (See Exhibit A) is due at the Job Training Division, P.O. Box 4218, Santa Fe, New Mexico 87502, by no later than April 5, 2000. At a minimum the plan(s) will include the following:
 - a). Pertinent service provider information, (i.e., name, mailing address, physical address, telephone number, contact personnel, contract number, contract amount and contract title);
 - b). participant information (i.e., planned date to stop PY 99 participant enrollment, number of carry-over participants, estimation of costs for participant and administrative activity(ies), termination dates for carry-over participants);
 - c). estimated closeout costs;
 - d). inventory information;
 - e). information regarding audit(s);
 - f). information regarding records retention; and
 - g). planned transfer of participants to new Local Board-administered programs where applicable, to include the following information:
3. For Service Providers who have planned carry-over participants and will continue to serve these participants under WIA:
 - (a). Planned number of participants to be carried over into WIA;
 - (b). estimated end dates of participants training activities;
 - (c). estimated cost for training for carry-over participants;
 - (d). estimated administrative costs associated with service the carry-over participants; and
 - (e). estimated costs for closeout activities to include, but are not limited to the following. These costs must be itemized by category:
 - (1). Late claims
 - (2). Unfunded liabilities

- (3). Termination costs associated with subrecipient agreements
 - (4). Penalties for breaking leases
 - (5). Audit costs
 - (6). Records' retention and storage costs
- (f). Costs required to complete the closeout process
4. For Service Providers who have planned carry-over participants and will not continue to serve these participants under WIA:
- a. Planned number of participants to be carried over into WIA;
 - b. estimated end dates of participants training activities;
 - c. training/services participant is currently receiving;
 - d. county where participant is receiving training;
 - e. estimated cost for training for carry-over participants;
 - f. estimated administrative costs associated with service the carry-over participants; and
 - g. as allowed under the organizations current personnel policies, uncharged accrued leave, possible severance pay and unemployment insurance. These costs must be itemized by category, i.e., accrued leave, severance pay, estimated UI costs, and estimated storage costs.
5. Participant Transfer.
- a. Participants Receiving Services. All JTPA participants who are currently enrolled and receiving services will be grandfathered into WIA. These participants will be allowed to complete the JTPA services specified in their individual service strategy, even if the service strategy is not allowable under WIA, or if the participant is not otherwise eligible to receive these services under WIA.
 - b. Participants Not Receiving Services. Those participants who are currently enrolled, but have not yet received JTPA services, except for initial assessment, will also be grandfathered into WIA. These participants should be assessed, if necessary and provided services under a WIA service strategy.
 - c. Service Providers Who Will Continue to Serve Participants under WIA. Contracts for participant services that extend beyond June 30, 2000 must either be terminated or modified at the option of the local area. Local areas have the option of issuing a new contract for the completion of services to the covered participants only or modifying the existing contracts to extend the period of performance until the services to the covered participants are completed. The procurement rules governing the local entity(ies) may have a bearing on which option is selected. No matter which

methodology an awarding agency chooses to use for the completion of services to JTPA participants, the process should occur in a manner which ensures that the participants are unaware of the change in the contractual arrangement.

If the local areas modify existing contracts to end the JTPA program and implement WIA, they will most likely have to change one or more of the following:

- (1). the contractual designation from JTPA to WIA;
 - (2). the contractual signatory official and agency under WIA;
 - (3). the revised number of participants;
 - (4). the revised ending date of the contract; and
 - (5). the revised contractual obligation of the contract.
- d. Service Providers Who Will Not Continue to Serve Participants under WIA. Contracts for participant services that extend beyond June 30, 2000 must be terminated as of the date on which WIA is fully implemented for the State or local area but not later than June 30, 2000. The entity will also need to either move the participants to another training provider, or the local area may chose to award a sole-source contract to complete their training.

6. Subrecipient and Vendor Agreements.

- a. In General. Existing deliverers of services for current JTPA participants must be allowed to continue to provide services under local agreements between the new Local Board and the appropriate chief elected official(s) in a local workforce investment area. All arrangements for continuation of current participants and associated service delivery programs must be worked out in advance via local agreements and included in the local area plan to be approved by the Governor.

All other JTPA agreements must be terminated as of the date on which WIA is fully implemented in a State, or no later than June 30, 2000.

- b. Provision of Services. All service deliverers who are providing JTPA services to enrolled participants should be allowed to continue providing those services. All JTPA participants being served under these contracts are to be provided all services called for under the terms of the contract. No additional services may be added, and no additional participants may be added to the contract.

All contracts scheduled to expire on or before June 30, 2000 under which all services to enrolled JTPA participants will be completed by that date should be allowed to end on their expiration date. In addition, all contracts for JTPA administrative functions, i.e., contracts that do not provide services to JTPA participants, are to be terminated not later than June 30, 2000.

7. Equipment and Supplies Subject to Transfer to WIA.

- a. The provisions set forth in New Mexico Statutes 1978 Sections 13-6-1 through 13-6-4, GSD Rule 88-101 and Policy Issuance No. 12 will be used to detail the disposition procedures for public property.
- b. All equipment purchased under JTPA with a historical value of \$1000 or more and needed by the WIA program must be transferred to the WIA program.
- c. Equipment with a historical value of more than \$1000 that is not needed by the WIA program for any reason must be sold or return to the NM DOL General Services Bureau (GSD). NOTE: Proceeds from the sale of such equipment if sold prior to July 1, 2000 will be used to reduce JTPA costs. Equipment sold after July 1, 2000, will be send to the USDOL
- d. Subrecipients will be required to submit to the Job Training Division, P.O. Box 4218, Santa Fe, New Mexico 87502, accurate inventories containing the required information (See Exhibit A), as applicable, by no later than March 20, 2000. A determination must be made concerning which equipment will be transferred to the WIA program and which will be disposed of in accordance with the above instructions.
- e. If there is a residual inventory of unused supplies with an aggregate total historical value of \$1000 or more, these supplies must be also transferred into WIA if needed. If the residual supplies are not needed for the WIA program, they should be retained, sold or disposed of, and the JTPA program compensated for its share.

8. Real Property.

- a. If a subrecipient has purchased real property using JTPA funds, but failed to notify the NM DOL in accordance with NMSA 1978 Sections 13-6-1 through 13-6-4, GSD Rule 88-101, and Policy Issuance No. 12, they must do so at this time. For any real property that will not

continue to be used for the WIA program, there are disposition options which might be requested. If the property is required under WIA, it **must** be included in the property inventory and transferred to WIA.

- (1). Sell the property and remit the proceeds to the NMDOL after deducting any actual and reasonable selling and fix-up expenses;
- (2). Retain title to the property and compensate NMDOL for the proportionate share of the current fair market value attributable to the JTPA participation in the purchase of the property.

The entity must submit its request to:

New Mexico Department of Labor
General Services Bureau
P.O. Box 4218
Albuquerque, New Mexico 87102

9. Financial Reconciliation/Closeout.

- a. Each funding period of the JTPA award will be brought to a close. The objective of the financial reconciliation/closeout is to achieve the status where obligated funds, allowable reported costs, and payments (for most recipients the amount of drawdowns) are equal or in balance. Because it constitutes the final closeout of the JTPA program, this financial reconciliation must be carefully performed in a manner that pays particular attention to detail.
- b. The NMDOL will require the completion of a closeout package. The package will consist of preprinted forms that must be completed by your organization (See Exhibit B).
- c. All closeout packages shall be submitted by the subrecipients in accordance with the JTPA Financial Management Technical Assistance Guide, 1995; and the requirements at CFR 627.485. **The final closeout package must be submitted no later than 60 days after the close of the program period (June 30, 2000).**
- d. All subrecipients must submit two (2) sets of the completed closeout package. One set must include the original signatures. The close out package should be forwarded to:

New Mexico Department of Labor
Financial Management Bureau
P.O. Box 1928
Albuquerque, New Mexico 87103

- e. If a service provider will not be providing services to participants under WIA, and will not be receiving any funding under WIA, the following items must be taken into account while closing out your current JTPA contract:
- (1). if your organization used a separate bank account for the depositing of funds, the account should be closed, providing that all funds from the awarding agency have been received and all program expenses have been paid. If additional funds or disbursements are expected, you should close the account as soon as the transactions are completed. The final bank statement will reflect a zero balance;
 - (2). the fidelity bonding should be canceled as soon as the last transaction has taken place with the depository bank account.;
 - (3). depending on your award, there may be several insurance policies that should be canceled. The general liability policy and participants' insurance should be canceled as soon as the activities of the award cease;
 - (4). if your awarding permits for the acquisition of property, ascertain that your property list balances with the general ledger, your current inventory list and the final financial report; and
 - (5). cancel lease agreements, equipment rentals, telephone connections, and any other monthly agreements in sufficient time to avoid charges beyond the award termination date. Your organization will be liable for any costs past the program period.

10. Audits. Subrecipients must complete normal annual audit cycles in accordance with OMB Circular A-133. No additional Federal funds will be provided to cover audit costs. On the closeout plan you must include the name(s) of the individual(s) who will be responsible for any inquiries regarding the submitted audit report or any audit resolution(s). If possible, the service provider should have the current JTPA subgrant audited prior to December 31, 2000.

11. Records Retention. Subrecipients are responsible for ensuring that all records associated with the JTPA program are retained for three (3) years after submission of the final expenditure report for each year of appropriation. Records must be kept longer if any litigation or audit is begun, or if a claim is instituted involving the appropriated funds or agreement covered by the records. In these instances, records will be retained until the issue has been finally resolved. However, the only authorized closeout cost for record storage is the amount required to meet the three (3) year retention requirement. Because they would constitute an estimated contingency, costs for any longer retention period required must be paid with non-

Federal funds. States are responsible for ensuring the retention of records for subrecipients who are disbanding or otherwise unable to retain records.

4. **EFFECTIVE DATE.** This Notice is effective 03/10/2000.
5. **RECISSIONS.** None.
6. **CONTACT.** Inquiries regarding this Notice should be directed to the following individuals at Job Training Division in Santa Fe:

Mr. Jerry Kloeppe, NMDOL Job Training Division at 827-6840;
Ms. Suzette R. Lucero, NMDOL Job Training Division at 827-9834;
Ms. Rachel Sayre, NMDOL Job Training Division at 827-1086;
NMDOL General Services Bureau, Property Control Section at 841-8307; or
NMDOL Financial Management Bureau at 841-8432.

CLINTON D. HARDEN, JR.
Secretary

EXHIBIT A: (ATTACHED)
JTPA CLOSEOUT PLAN

EXHIBIT B: (ATTACHED)
STATE OF NEW MEXICO
JOB TRAINING PARTNERSHIP ACT
PY 99 CLOSEOUT PACKAGE