

**ALABAMA WORKFORCE INVESTMENT SYSTEM**

**Alabama Department of Commerce  
Workforce Development Division  
401 Adams Avenue  
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Montgomery, Alabama 36130-4103**

June 28, 2018

**GOVERNOR'S WORKFORCE INNOVATION DIRECTIVE NO. PY2014-16, Change No. 05**

**SUBJECT:** *Statewide Workforce Innovation and Opportunity Act (WIOA) Fiscal Procedures Manual*

**1. Purpose.** This Directive transmits revised pages for the July 2016 edition of the Governor's *Statewide Workforce Innovation and Opportunity Act (WIOA) Fiscal Procedures Manual*.

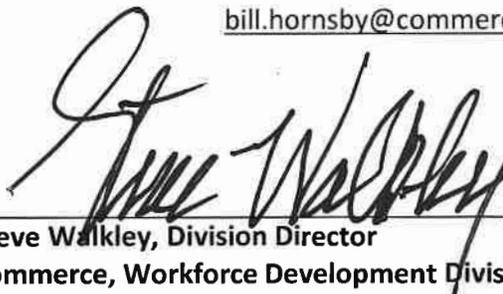
**2. Discussion.** Effective July 1, 2018, significant changes were made to the State's Travel Policy in regard to reimbursement of meals, arrival and departure times for conferences, events, etc. and the in-state per diem rate. A copy of the Governor's Memorandum and the State Finance Director's announcement are attached for reference. These changes necessitate a revision to the *Statewide WIOA Fiscal Procedures Manual* Section VIII – Pages 5, 6, 7, and 8 of 13.

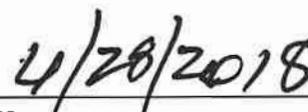
**3. Action.** Please replace the existing pages in the *Statewide Workforce Innovation and Opportunity Act (WIOA) Fiscal Procedures Manual* with the following revised pages:

VIII – Page 5 of 13	(Revised 07/18)
VIII – Page 6 of 13	(Revised 07/18)
VIII – Page 7 of 13	(Revised 07/18)
VIII – Page 8 of 13	(Revised 07/18)

(also pages 9-13 are included to avoid a loss of information.)

**4. Contact.** Any questions regarding this Directive should be referred to Bill Hornsby, Supervisor, Workforce Development Division, State Programs and Divisional Budget Management Section at (334) 242-5847 or [bill.hornsby@commerce.alabama.gov](mailto:bill.hornsby@commerce.alabama.gov).

  
Steve Walkley, Division Director  
Commerce, Workforce Development Division

  
Date

**Attachments**

a. In-State Travel

1. For travel involving less than 6 hours, no meal allowance or per diem is allowed.
2. For travel of 6 hours to 12 hours, there is an allowance of (15% of the regular per diem rate of \$85.00) \$12.25 for one meal, provided the travel is performed outside the city limits of the official base or station (traveler's business address location) or home if closer to destination.
3. For travel requiring more than 12 hours to a destination outside the city limits of the official base or station, a \$34.00 allowance (one meal allowance and one-fourth of the per diem allowance) is allowed when the trip does not involve an overnight stay.
4. Overnight per diem will be set at the following rate effective 7/1/18:
  - 1 night on the road→\$85 per day  
Example: Leave on Monday & return on Tuesday = \$170.00
  - 2 + nights on the road→\$100 per day  
Examples: Leave on Monday & return to base Wednesday = \$300.00

If the normal rate of the subrecipient is less than the above-stated per day rates and the WIOA agreement states a lesser rate, the lesser rate approved shall be used.

The term overnight, as used in Code of Alabama 1975, §36-7-20, as amended, means exactly what the word implies. The common law meaning of night usually means the period between sunset and sunrise. Another rule often applied is that night is defined as beginning thirty minutes after sunset and ending thirty minutes before sunrise. Individuals whose work hours are during the night period are in work status and are not entitled to overnight per diem. Employees within reasonable travel distance from their base are expected to return to base. For travel related expenses, a traveler's base is a city or town. Individual circumstance will determine what is reasonable but, generally, a trip of 100 miles or less one-way does not require an overnight stay. Exceptions to the policy may be approved by the appropriate supervisor or division chief.

*\*Revised 07/18*

5. The per diem is \$75.00 (75% of daily rate for trips lasting two nights/three days or longer) for each day after a person in travel status has been stationed at the same place for two consecutive months.
6. Under no circumstances will a traveler be paid an overnight or daily travel allowance at their base or primary residence.
7. The mileage rate is the amount allowed by the Internal Revenue Code for income tax deductions. As of January 1, 2018, the rate allowed by the Internal Revenue Code for business mileage is 54.5 cents per mile. The traveler is entitled to a mileage allowance from their base to their destination and return for miles actually traveled or from home to destination and return, whichever is less. Mileage is to be reported in whole miles, rounded to the nearest whole number. All mileage on the in-state travel form must be totaled and then multiplied by mileage rate to determine the reimbursement amount. Travelers will be reimbursed for parking while in travel status if a receipt is provided. Valet parking will only be reimbursed if no other parking is available. Documentation is required. If the normal rate of a contractor is less than the allowable mileage rate and the contract states a lesser rate, the lesser approved rate shall be used.
8. Claims for travel expense must be documented by reports containing the destination, date and time of departure and return, and a computation of the amount of reimbursement. The reports must be signed and dated by both the traveler and the person authorizing the travel. Copies of the travel reports must accompany the invoices under which the travel expense is claimed.
9. If the person's travel is interrupted for personal convenience, the travel allowance will not exceed the costs that would have been paid for authorized uninterrupted travel.

b. Out-of-State

Prior written approval from the Grantor is required for all out-of-state travel. Such approval must be requested by the subrecipient at least 10 days prior to the planned travel, by contacting the appropriate WIOA agreement manager. Travelers will now receive the daily Continental United States (CONUS) rate for meals and incidental expenses (M & IE) in accordance with federal per diem amounts.

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- Daily CONUS (M & IE) rates will vary according to destination.
- Incidental expenses (i.e. tips related to transit, lodging and meals) will now be covered with a \$5 per day rate (included in the CONUS rate).
- Travel arrival and departure will now be allowed the day prior and day after the event, regardless of start or end time.

Out-of-state travel expenses for room and other reasonable and necessary travel-related expenses shall be reimbursed at actual costs, when such costs reflect reasonable rates. Room accommodations should be in the employee's own name (single rate only) and any charges for missed reservations shall be considered a personal expense. Air travel is economy seating. No first class or business class unless documentation is submitted that rate is equal to or less than economy. A sample out-of-state travel reimbursement form is provided as a guide (see Exhibit I). This form or a similar form should be used when requesting out-of-state travel reimbursement.

Receipts are required to be submitted with travel reimbursement claims to be maintained as support documentation for the Subrecipient's Invoice Report for all transportation, other reasonable and necessary travel-related costs, and hotel/motel lodging charges. These receipts must be from the establishment/transportation company, etc. Copies of credit charges cannot be accepted as support documentation. Incidental expenses (i.e. tips related to transit, lodging, and meals) will now be covered with a \$5 per day rate (included in the CONUS rate). Travel-related expenses other than meals and incidental expenses require a receipt for reimbursement of actual expenses. Receipts are required for substantiation of parking costs. For mileage, the same procedure established for in-state travel applies. It should be emphasized that no entertainment costs will be allowed in connection with out-of-state travel.

Rental cars must be specifically pre-approved by the granting agency.

If reimbursement for conference registration is requested, a detailed agenda or itemized breakdown must be provided to itemize meals included as a part of the conference fee. Conference, seminar, etc. provided meals should not be claimed for reimbursement.

Meals (including tips) are limited to a single per day meal cap based on geographic location. This meal cap is based on the U.S. General Services Administration published daily meal rates total (excluding incidental expenses) for each city/state found at

<http://www.gsa.gov/travel/plan-book/per-diem-rates>. Rates are published each fiscal year effective October 1.

Travelers will be allowed to purchase meals as they see fit throughout the day. The actual amount expended including tips should be reported for each meal. Tips are currently limited to 20%. The CONUS amount provides the maximum that will be reimbursed for approved travel.

All travel expenses must be necessary, reasonable, and justified in the amount incurred and requested for reimbursement. Travel only when absolutely necessary; use the most economical and efficient means of transportation, and plan and coordinate all travel for effectiveness and efficiency.

Meal costs for each day of out-of-state travel will be based on the amount of time the traveler is away from their base on each day of travel. The CONUS amount of three meals will be allowed for each day the traveler is away from the base more than eighteen hours, a prorated CONUS amount for two meals for each day the traveler is away from their base more than twelve hours and a prorated CONUS amount for one meal for each day the traveler is away from their base more than six hours.

c. Combined In-State and Out-of-State Travel

At times a traveler may go out of the state and then return and continue his trip within the state. Actual expenses are paid until return to the state when the per diem basis takes over. Duplication of actual and per diem for the same day is not allowed; actual costs not allowed if in-state per diem is paid.

8. Agreement Modifications

All subrecipients will follow the process as outlined below for requesting agreement modifications.

- a. The subrecipient will submit a written request for modification prior to changing any budget line item or participant service level contained in the agreement. The written request and associated reason for the modification should accompany the modification.
- b. All modifications initiated by the subrecipient will be mutually agreed upon by the parties to the agreement.
- c. The Grantor may make a unilateral modification to the agreement at any time due to changes in the law, regulations, or policy.

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9. Reporting

- a. Each subrecipient receiving funds is required to report monthly on Form WDD-9, Subrecipient's Invoice (see Exhibit F), the costs incurred or expenditures made in performance of the agreement. This form must be submitted in duplicate with all containing original signatures in blue ink. Instructions are on the back of the WDD-9. Signatures must match those on the signature card. Monthly reports will be made on the Form WDD 10A and I0B (Invoice Summary) (see Exhibits G-1 and G-2) for the line items contained in the approved budget for the agreement and in total for the subrecipient's contribution. Forms WDD 10A and I0B must be submitted in support of the amounts shown on Form WDD-9, with the exception of those amounts related to OJT program activity. Space for expenditure backup information is provided on the back of these forms. All reports will be prepared from the official accounting records of the reporting organization. The reporting period on the first Subrecipient's Invoice should reflect the beginning date of the agreement through the end of the particular period covered. Reports containing errors, white out and/or pencil changes may have to be re-submitted.
- b. Monthly Subrecipient's Invoices will be submitted no later than the 10<sup>th</sup> working day of the month following the month of the reporting period.
- c. The final Subrecipient's Invoice submitted for an agreement must be received no later than the last day of the month following the agreement ending date. A check for any outstanding portion of an advance received, or other funds received to include program income for which there have not been expenditures reported, must accompany the final expenditure report.  
  
Any advance of Federal funds drawdown by either advance or a working capital advance and not disbursed within thirty (30) days from the date of the advance must be refunded to Commerce (State Policy).
- d. The subrecipient must report expenditures on an accrual basis. If the subrecipient's records are not maintained on an accrual basis, documentation for audit purposes must be maintained to demonstrate the link between accrual reports and non-accrual accounts. This requirement does not apply to subrecipients on a reimbursement basis. Conversion from the cash basis of accounting to an accrued expenditures basis for a reporting period may be accomplished by adding:

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1. Estimated salaries and related benefits from the end of

the last pay period to the end of the reporting period.

2. Unpaid invoices on hand for goods and services received.
  3. Value of goods and services received but not yet invoiced. After the above items are added to the actual expenditures made during the reporting period, the expenditures accrued similarly for the prior reporting period are deducted, thus completing the conversion from the cash basis to an accrual basis of reporting.
- e. Each month program income earned (this includes interest income) (See Section II, Program Income, for more information) must be deducted from Estimated Expenditures Next Month (monthly advances) to determine a net Estimated Expenditures Next Month for each Subrecipient's Expenditure Report submitted. Each subrecipient shall disburse program income, rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments (20 CFR667.200(a)(5) and (6)).

## **COST ALLOCATION**

Costs are allocable to a particular cost category to the extent that benefits are received by such category. Indirect costs are those incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objective benefited. Cost allocation plans, including indirect cost rate proposals, shall be developed and approved in accordance with applicable cost principles as set forth in 2 CFR200, Subpart E, which governs how to charge direct and indirect costs. It also governs the process for allocation of direct and indirect costs. Whenever costs jointly serve one or more sources of funds (Youth, Adult, and/or Dislocated Workers) and WIOA is the only source of funding, a cost allocation plan must be developed to allocate those costs among the fund sources if these are shared services. These plans are to be used, made available and retained for future audits and reviews. Where there are multiple sources of fundings, such as other Federal, State and locally funded programs simultaneously operated by the contractor's organization, a cost allocation plan is necessary if there are shared services. This cost allocation plan must equitably (benefits received basis) allocate costs among the programs (and within the WIOA program, among the various funding sources). Allocation of costs must be consistent with the written cost allocation plan. Any amendments of the cost allocation plan must be retroactive to the beginning of the plan year.

However, in accordance with the Act (Section 184 (a)(2)(B)), funds made available to a state for administration of statewide workforce investment activities in accordance

with Section 134 (a)(3)(B) shall be allocable to the overall administration of workforce investment activities, but need not be specifically allocable to the administration of adult employment and training activities; the administration of dislocated worker employment and training activities; or the administration of youth activities.

## **INDIRECT COST RATES**

As previously defined, the term “indirect cost” is the process of charging cost(s) of the subrecipient, which is a common expense of two or more agreements or its general operations. Prior to the approval of an indirect cost rate, the organization must provide evidence that the amount it proposes to charge is proper. The evidence is a cost rate approved by a cognizant (or lead) Federal Agency. The official who approves the rate must see evidence and support as necessary to ensure that there is no overpayment. Requirements for the development and submission of indirect (F&A) cost rate proposals and cost allocation plans are contained in Appendices III-VII to Part 200 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule.

Pursuant to 2 CFR200.414(f), any non-Federal entity that has never received a negotiated indirect cost rate, except States and local governments, and Indian Tribe Indirect Cost Proposals may elect to charge a “de minimis” rate of ten percent (10%) of modified total direct costs (MTDC), which may be used indefinitely.

### **1. The Federal Cognizant Agency**

When an organization receives funds from several sources, the Federal agency granting the largest amount of funds acts as the representative of all of the agencies or, the cognizant agency. Once the applicable cognizant agency approves an organization’s indirect cost rate on behalf of the other Federal agencies, it is to be accepted as a ceiling rate.

### **2. The Grantor as Rate Negotiator**

Officials of the Grantor as applicable will request evidence to support the proposed indirect cost rate, and after careful attention, negotiate the rate with the proposing organization. Once an agreement is reached, the rate will be used in the proposed budget and agreement. Audits of the indirect cost rate will require source documentation to support the expenditures of indirect costs.

The audit process will be to:

1. Verify the allowability of costs charged as indirect costs.
2. Verify the source documentation to ensure that the costs were incurred.

## **EXPENDITURE DOCUMENTATION**

In submitting the monthly Subrecipient's Invoice, the subrecipient is required to also submit physical documentation of expenditures in the form of copies of time and attendance reports, itemized vendor invoices, statements covering contractual services, lease agreements, subrecipient's travel policy, records in support of travel expense claimed, logs or other certification of long distance telephone calls, and postage, etc. The failure to submit proper support documentation with the Subrecipient's Invoice will result in the delay of reimbursement to the subrecipient. Cost items common to all of the cost categories under WIOA are salaries and fringe benefits. Following are procedures required to ensure that these costs are properly documented:

1. Time and Attendance Records (see Form WDD 12, Exhibit J). These records must be maintained for each payroll period for each individual. These or equivalent records must support the total compensation paid, and in the event the individual contributes time to a project other than the WIOA program, accurate time distribution records must designate the actual time contributed to the WIOA program. For example, if such an individual performs forty hours of service within a week, of which thirty-one hours are not related to any program and the remaining nine hours apply to three different programs being administered by the contractor, including its WIOA project, it is required that proper time and attendance records be maintained in support of the total 40 hours, and that time distribution records clearly verify the number of hours contributed to the WIOA program. All time and attendance records must be certified by the signature of a person in a supervisory capacity after the employee has signed the form.

Employee earning records must be maintained for each individual and contain accumulative amounts by a pay period for the gross salary, payroll deductions and net pay. Payroll tax reports must also support the amounts shown on the payroll records.

2. Fringe Benefits. Allowable fringe benefit costs include, but are not limited to, the following: that portion of the individual's FICA taxes paid by the employer, medical insurance coverage, unemployment insurance and

worker's compensation. Costs claimed for fringe benefits must be supported by such cost documentation as payroll records, payroll tax reports, insurance policies and payment schedules, vendor's invoices, etc.

3. Classroom Time and Attendance Records. Documentation to support classroom time and attendance for all WIOA participants must be maintained.

**For further information, contact:**

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