

CITY OF LOS ANGELES

CALIFORNIA

CAROLYN M. HULL
GENERAL MANAGER

ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT



1200 W. 7TH STREET
LOS ANGELES, CA 90017

KAREN BASS
MAYOR

DATE: January 29, 2025

TO: All EWDD Service Providers

FROM: Dr. Fernando Campos, Assistant General Manager
Economic and Workforce Development Department

**SUBJECT: FMD DIRECTIVE NO. 25-001:
CALIFORNIANS FOR ALL YOUTH (CFAY) GRANT CYCLE 1 AND 2
FINANCIAL CLOSEOUT INSTRUCTIONS AND CFAY CYCLE 2
REPORTING REQUIREMENTS**

EFFECTIVE DATE:

This directive is effective on the date of issue.

PURPOSE:

The purpose of this directive is to provide financial closeout instructions for all City of Los Angeles (City) service providers and contractors (professional services) providing services relative to the Californians For All Youth (CFAY) Workforce Development Grant Cycle 1 for the period ended December 31, 2024, and CFAY Cycle 2 reporting requirements.

BACKGROUND:

City contracts provide that the final financial closeout package must be submitted to the Economic and Workforce Development Department (EWDD) Financial Management Division (FMD) within a set number of days (i.e., mostly 15 or 20 calendar days) following the period being closed or expiration of the contract. However, these deadlines may change as the City receives reporting instructions from Federal, state, and local grantors.

This directive sets forth the official deadlines for the submission of the final financial closeout report and other required related schedules and supporting documentation for the period ended December 31, 2024, and **supersedes the prior closeout deadline provided for CFAY related City contracts due to grant term extension.**

POLICIES AND PROCEDURES:

A. CLOSEOUT TIMEFRAMES/DEADLINES:

FOR DECEMBER 2024 AND 2025 INVOICES:	
CFAY CYCLE 1	
December 31, 2024	Last day to incur expenditures. Expenditures beyond this date are not allowable.
January 10, 2025	<u>For Californians for All Youth only:</u> Deadline for inclusion in the City’s billing to the State of CA.
CFAY CYCLE 2 - Upcoming	
December 31, 2025	Last day to incur expenditures. Expenditures beyond this date are not allowable.
January 9, 2026	<u>For Californians for All Youth only:</u> Deadline for inclusion in the City’s billing to the State of CA.
FOR FINAL CFAY CYCLE 1 AND CYCLE 2 CLOSEOUT PACKAGES:	
January 31, 2025	<u>For Californians for All Youth Cycle (Round) 1 only:</u> Final Closeout and last day to incur expenditures is December 31, 2024. Fiscal Year 2024-25 Closeout Package deadline for inclusion in the City’s final billing to the State of CA (note: last invoice due on or by January 10, 2025 – closeout documents to follow).
Upcoming January 30, 2026	<u>For Californians for All Youth Cycle 2 (Round 2):</u> Final Closeout and last day to incur expenditures is December 31, 2025. Fiscal Year 2024-25 Closeout Package Deadline for inclusion in the City’s final billing to the State of CA (note: last invoice due on or by January 9, 2026 – closeout documents to follow).

These deadlines were established to enable FMD to comply with various grantors’ financial closeout reporting deadlines. Late submission of closeouts may result in the City not being able to include expenditures in its final closeout report to a grantor. These closeout expenditures not included in the City’s final closeout report will not be reimbursable.

B. REQUIRED REPORTS AND DOCUMENTATION:

1. Final Closeout Package:

A complete Final Closeout package must be submitted on or before the deadline stated in Section A above. This package must include the following:

- Cover Letter,
- Cash Request (CR),
- Expenditure Report (ER),
- Attachment to Expenditure Report (*if required*),
- Schedule of Personnel Costs,
- Schedule of Expenditure Accruals (*see Attachment #1*), if any and applicable
- General Ledger (GL) and Expenditure Report (ER) Reconciliation Report (*see Attachment #2*),
- Bank and Cash Account Reconciliation (*for accounts used for City funds*),
- Refund Check payable to “City of Los Angeles – EWDD” (*if applicable*), and
- Closeout Forms: (*see Attachment #3*)
 - Subrecipient Release Form,
 - Subrecipient’s Assignment of Refunds, Rebates, and Credits, and
 - Contract Closeout Certification.

An incomplete closeout package will not be processed.

If a Final Closeout package is not submitted by the deadline, the last CR and ER submitted will be used to unilaterally closeout the City contract.

For Professional Service Agreements (PSA): Please submit invoice(s) through December 31, 2024, including all required schedules and/or supporting documentation, to the EWDD program monitor. PSA invoices and the release of any retention fees will only be processed by FMD with the certification of the EWDD program monitor that all required deliverables have been met.

2. Schedule of Expenditure Accruals – Status Update:

A status update on the Schedule of Expenditure Accruals, if any were submitted, on or by August 9, 2024, is due with the Final Closeout package for CFAY Cycle 1. **For CFAY Cycle 2 only, the same will apply if submitted on or by August 8, 2025.** Columns G, H, and I of the schedule must be filled out.

If any of these expenditure accruals do not materialize, then the respective Final Closeout package should reflect. Also, if a reimbursement of such accrual was claimed and the expense did not material, then a refund check, if applicable, must also be submitted, or a credit adjustment in the Final Closeout must be reflected.

3. Submission Instructions:

An electronic, signed copy of the Final Closeout package must be emailed to EWDDfinancial@lacity.org **and** a copy to the respective EWDD program monitor.

Wet Signature set can be sent, but is not required, to:

Economic and Workforce Development Department
Attn: Dr. Fernando Campos, Assistant General Manager, EWDD
444 So. Flower Street, 14th Floor.
Los Angeles, CA 90071

C. EXPENDITURES:

1. Final Expenditures:

The Final Closeout reports must reflect the total cumulative final expenditures for the period ended December 31, 2024, and December 30, 2025, for CFAY Cycle 1 and 2, respectively. Therefore, **no additional expenditures will be allowed after the Final Closeout report is submitted to and accepted by FMD.**

The total final expenditures reported must reflect **both** cash and accrued expenditures incurred during the contract period. Expenditures incurred by June 30, 2024, but not paid as of June 30, 2024, were considered “accruals” and should have been included in the Expenditure Report and listed in the Schedule of Expenditure Accruals. These accruals must be liquidated (i.e., paid) by **December 31, 2024, for CFAY Cycle 1 and December 31, 2025, for CFAY Cycle 2.**

If any accruals or any other expense do not materialize or were incorrectly reported, a “Revised Final Closeout” package must be submitted immediately to reflect the reduction in expenditures and said revised amount shall be refunded to the City of Los Angeles, EWDD.

2. Unliquidated Obligations:

Unliquidated obligations are funds obligated, but for which goods or services have not been received or an accrued expenditure has not been recorded. Therefore, any unliquidated obligations as of December 31, 2024, or December 31, 2025, for CFAY Cycles 1 or 2, respectively, are **no longer** accruals and must not be reported in the final closeout report as such. These unliquidated obligations are considered unearned grants.

D. EXPENDITURE LIMITATIONS:

1. Administrative Costs:

Administrative costs must be tracked and reported separately from program costs.

The maximum administrative costs that will be allowed will be up to the administrative cost cap set forth in the City-approved budgets and/or contracts.

2. Other Expenditure Requirements for WIOA-funded WorkSource and Youth Source Centers:

Please refer to the Year 25 Workforce Development Plan Annual Plan Policies for the most recent requirements on training, out-of-school, work experience, and other training and/or participant-related cost expenditures and/or consult your EWDD program monitor.

E. UNEARNED GRANT:

Any remaining unexpended cash received from the City that is more than the total final allowable expenditures is considered an unearned grant and must be returned promptly to the City.

F. INDIRECT COST RATE:

Indirect Costs may be recovered if an indirect cost rate was approved by the indirect cost Federal cognizant agency (for direct Federal grant recipients), another pass-through entity, by EWDD FMD or if the use of a 10% *de minimis* rate through September 30, 2024, and 15% *de minimis* rate on or after October 1, 2024, had been requested and approved.

If the indirect cost rate was provisional, a final rate must be requested within six months after the end of the fiscal and/or calendar year used. However, if the final rate is higher than the provisional rate, then funds may not be available to recover the additional indirect costs. Or, if the final rate is lower than the provisional rate, then the indirect cost must be recalculated, and any overpayment must be returned to the City within thirty (30) calendar days after receipt of the final rate.

For WIOA and all Workforce grants, indirect costs must also be properly broken down between administrative and program costs using the definitions described in WIOA 20 CFR 683.215. The administrative portion of the indirect costs, together with all other direct administrative costs, will be subject to the administrative cost cap set forth in the City contract or approved budget. Improper classification may result in questioned or disallowed costs.

(See Program Year 25 Workforce Development Board Annual Plan for PY 2024-2025, Chapter 6 - Revised Policies, Indirect Cost Rate Policy)

G. INCOME:

Program income is the income received that is directly generated by the City's programs or earned because of the City contract during the contract period. Interest income is the interest earned on advanced funds received under the City's contracts. If approved by the City, program and/or interest income may be expended first before using grant funds. Any remaining unexpended program and/or interest income must be returned to the City, together with the Final Closeout package.

H. STAND-IN COSTS:

Stand-in costs are allowable costs incurred for the program but paid for with non-federal sources. They may be used to **substitute** disallowed costs if they meet the following criteria:

- Must have been incurred in the same period as the costs that they are proposed to replace;
- Must not cause a violation of the administrative and/or other cost limitations;
- Must be recorded in the official books of accounts; and
- Must be reported in the Expenditure Reports (Section B, Line #6) submitted to the City. **The Final Closeout report for the period ended December 31, 2024, and December 30, 2025, for CFAY Cycles 1 and 2, respectively, will be the last opportunity to report stand-in costs, if applicable.**

The City will not accept stand-in costs that do not meet these criteria.

I. UNCLAIMED OR OUTSTANDING CHECKS:

When one or more checks is/are unclaimed or outstanding, the State's escheat law, as currently outlined in the State Controller's Office (SCO) Unclaimed Property Reporting Handbook at http://sco.ca.gov/Files-UPD/guide_upd_updlaw.pdf must be followed. However, an unclaimed or uncashed check determined not due to a payee must be voided or canceled and the funds returned to the City within 30 days.

J. CREDITS AND OTHER ADJUSTMENTS:

Applicable credits such as rebates, discounts, refunds, and overpayment adjustments, as well as interest earned on any refund, rebate, dispute, or overpayment adjustment applicable to the City must be credited as a reduction of final closeout expenditures reported to the City if received on or before December 31, 2024, or 2025 for CFAY Cycles 1 or 2, respectively. Credits and adjustments received on or after January 1st of the following year must be returned to the City within thirty (30) calendar days after receipt.

K. AUDITS AND FISCAL REVIEWS:

Annual audit cycles must be completed in accordance with 2 CFR 200-Subpart F: Audit Requirements and the City Contract Sec.608. The Single Audit reports are due no later than nine (9) months after the end of the fiscal/calendar year used. Non-completion of the Single Audit automatically places a subrecipient on "audit sanction" (i.e., no cash will be released), effective the day the Single Audit report is delinquent and until the final, official Single Audit report is filed.

Outstanding Fiscal Review and/or Single Audit findings **must be resolved as soon as possible or by March 30, 2025, or March 30, 2026, for CFAY Cycles 1 or 2,**

respectively.

The City reserves the right to audit post closeout and prior years, require supporting documentation and schedules for reported expenditures, disallow costs, and recover funds based on these audits or fiscal reviews.

FMD will utilize and implement the required reports, schedules, documentation, and all applicable policies under this Closeout Directive as part of its Fiscal Review process for FY 2024-2025 and FY 2025-2026. The FMD Auditor reviewing the Final Closeout report may request additional supporting documentation for selected items of payroll and non-payroll costs (e.g., payroll time records and registers, invoices, checks, vouchers, cost allocation spreadsheets, supporting schedules and documentation of participants' tuition, supportive services, and gift cards, as applicable, and/or other accounting records). Moreover, the State of CA Audit Division may request additional documentation to support all expenditures claimed post-final close out period due to the 100% documentation rule.

Additionally, any **Specific Conditions to Correct Fiscal Deficiencies** imposed on subrecipients must be complied with by the deadline for the submission of the Final Closeout package.

L. REFUND CHECKS:

Refund checks resulting from excess cash, unearned grant, unliquidated accruals, unexpended program and/or interest income, disallowed costs, tuition refunds, rebates, and other applicable credits must be included in the Final Closeout package.

Any refund due to the City received or determined after January 1, 2025, or January 1, 2026, for CFAY Cycles 1 or 2, respectively, must be sent to the City within thirty (30) calendar days, together with a Revised Final Closeout report and a duly signed cover letter identifying the appropriate City contract number, grant or funding source, and the reason(s) for the refund.

M. FINANCIAL REPORTING REQUIREMENT – CFAY 2.0

Effectively January 1, 2025, EWDD will require full documentation to support all expenses claimed via monthly submitted invoices. Invoices with expenses not supported or missing adequate documentation will be considered not perfected (incomplete), not paid, and returned to the service provider/contractor.

EWDD continues to work with the State of CA to request reimbursement for expenditures as expeditiously as possible. Any disallowed or questioned cost by the State of CA will require EWDD to place a hold until receipt of supporting documentation as required by the State.

The following provides typical types of supporting documentation by major functional/categorical areas that can be included in your respective invoice(s) to ensure timely payments:

- **Participant Stipends** – participant stipend registers or report showing names of participants, pay date, pay period, hourly rate, number of hours, amount paid, description of purpose of stipend, etc. It is important that all these fields are captured in the registers – excluding or adding non-CFAY related expenses to the registers will not satisfy the requirement and the service provider or contract may experience a delay in payment or future disallowed cost by the EWDD and/or State auditor;

NOTE: EWDD offers the option of service providers to utilize the CSS Payroll Platform to pay stipends to Youth Participants. If you are interested in transitioning into the CSS Payroll Platform to pay stipends, then please contact your respective program manager.

- **Participant Wages and Fringe Benefits** – participant payroll registers or report showing names of participants, pay date, pay period, hourly rate, number of hours, amount paid, description, fringe benefits paid, etc. It is important that all these fields are captured in the register – excluding or adding non-CFAY related expenses to the registers will not satisfy the requirement and the service provider or contract may experience a delay in payment or future disallowed cost by the EWDD and/or State auditor; and

NOTE: Many payroll registries do not capture fringe benefits and/or health care cost associated with the wages claimed; therefore, a separate Fringe Benefit report should be included with the payroll registry.

- **Wrap-Around Services or Supportive Services** – detailed breakdown of supportive services provided to participants, including back up documentation for nominal expenses, such as: proof of payment to 3rd party vendors for equipment, materials, or supplies; receipts of gas, mileage, parking, or rental expenditures; proof/explanation of expense methodology for lease(s) and/or rentals to ensure appropriate percent is applied appropriately to claims, etc. This functional/categorical area is more likely to have missing or unsubstantiated expense documentation. Therefore, service providers and/or contractors should closely review prior to invoice submission to EWDD.

Due to the number of service providers and participants involved, service providers will be required to upload the Cash Requests and Expenditure Reports and the required documentation into a CFAY Cycle 2 Google drive AND submit the reports concurrently to EWDDFinancial@lacity.org.

EWDD's Financial Management Division (FMD) will provide the direct links to the appropriate folders for each service provider. After FMD's review, EWDD will then provide access to the State for their review and approval. It is critical that the expenditures reported for the period under review must match the supporting documentation provided.

For example:

Program: **LA RISE Youth Academy**

Service Provider Name: El Proyecto Del Barrio

Folder #1: From Jan to March 2025:

The supporting documentation must match the total cumulative expenditures reported for the period between January through March 2025 with each corresponding monthly report. Therefore, three reports with properly labeled backup documentation to supported respective expenses is expected.

Folder #2: From April to June 2025:

The supporting documentation must match the total expenditures reported for the current for the period between April through June 2025 only with each corresponding monthly report. Therefore, three reports with properly labeled backup documentation to supported respective expenses is expected.

Please note that EWDD will not make a payment for incomplete or not perfected invoices. Invoices not perfected within ten (10) calendar days of notification, will be unpaid and returned to the respective service provider or contractor. In addition, the State of CA may withhold payments for expenditures that do not match the supporting documentation provided. Therefore, please be prepared to provide additional information and/or documentation upon request.

Please upload the required documentation listed above by each 10th of the month for the prior service period. For example, January 2025 services must be uploaded and invoices by February 10, 2025. If the 10th falls on a weekend or holiday, then the following business day is acceptable.

FMD will provide Cash and Expenditure Report form templates to be used for this grant only starting with the report for the month of January 2025 for those who will continue from the CFAY Cycle 1 into Cycle 2. Or October 2024 for those new to the CFAY Cycle 2 (not in Cycle 1). A link to the CFAY Cycle 2 Google Folder will also follow.

EWDD CONTACTS:

If you have any questions regarding any section/topic of this directive, please contact the following:

Dr. Fernando Campos at Fernando.Campos@lacity.org;

Evelyn Roque at Evelyn.Roque@lacity.org; and/or

Glenn Hino, Glenn.Hino@lacity.org

The TTY number is (213) 744-9395.

Enclosures:

Attachment #1: Schedule of Expenditure Accruals, if applicable

Attachment #2: General Ledger and Expenditure Report Reconciliation Report

Attachment #3: Closeout Forms

General Ledger vs. Expenditure Report Reconciliation

Name: _____		Contract #: _____			Qtr End: _____					
Program Year: _____		Grant: _____								
GL Account #	Account Name	Approved Budget			General Ledger (D)	Expenditure Report			Difference (H)=(D-G)	Remarks
		Admin (A)	Program (B)	Total (C)=(B+C)		Admin (E)	Program (F)	Total (G)=(E+F)		
INDIRECT COSTS:										
				-				-	-	
				-				-	-	
	Total: Indirect Costs	-	-	-	-	-	-	-	-	
CAPITAL COSTS:										
				-				-	-	
				-				-	-	
	Total: Capital Costs	-	-	-	-	-	-	-	-	
	GRAND TOTAL	-	-	-	-	-	-	-	-	

Prepared By:
 Name: _____ Title: _____ Date: _____

Reviewed and Approved By:
 Name: _____ Title: _____ Date: _____

**Economic and Workforce Development Department
City of Los Angeles**

SUBRECIPIENT RELEASE

Pursuant to the terms of Contract No. _____ and in consideration of the sum
of _____ dollars/cents, \$ _____
(Total accrued expenditures)
(Dollars/Cents)

which has been, or is to be paid under the said Contract to:

(Subrecipient's Name and Address)

hereafter called the Sub recipient or to its assignees, if any, the Subrecipient upon payment of the
said sum by the Economic and Workforce Development Department, City of Los Angeles,
hereafter, called the City, does remit, release, and discharge the City, its officers, agents and
employees, of and from all liabilities, obligations, claims, and demand whatsoever under or rising
from the said Contract.

IN WITNESS WHEREOF, this release has been executed this _____ day of
_____, 2025.

Name of Authorized Representative

Signature

Title

**Economic and Workforce Development Department
City of Los Angeles**

SUBRECIPIENT'S ASSIGNMENT OF REFUNDS, REBATES AND CREDITS

Subrecipient Name: _____

Street Address: _____ Contract No.: _____

City, State & Zip: _____, CA _____.

Pursuant to the terms of Contract No. _____, and in consideration of the reimbursement of costs and payment of fee, as provided in the said agreement and any assignment thereunder, the

(Subrecipient's Name)

(hereafter called the Subrecipient), does hereby:

- X Assign, transfer, set over and release to the Economic and Workforce Development Department, City of Los Angeles (hereafter called the City), all right, title, and interest thereon, arising out of the performance of said Contract together with all the rights of action accrued or hereafter accrue thereunder.
- X Agree to take whatever action may be necessary to effect prompt collection of all such refunds, rebates, credits, or other amounts (including any interest thereon), due or which may become due, and to forward promptly to the City checks (made payable to the City of Los Angeles), for all proceeds so collected. The reasonable cost of any such action to effect collection shall constitute allowable costs when approved by the City, as stated in the said Contract, and may be applied to reduce any amounts otherwise payable to the City of Los Angeles under the terms thereof.
- X Agree to cooperate fully with the City of Los Angeles as to any claims or suit in connection with such refunds, rebates, credits, or other amounts due (including any interest thereon); to execute any protest, pleading, application, power of attorney, or other papers in connection therewith; and to permit the City to represent it at any hearing, trial or other proceeding arising out of such claim or suit.

IN WITNESS WHEREOF, this assignment has been executed on this _____ day of _____, 2025.

Name of Authorized Representative

Signature

Title

Employer ID No. _____

CONTRACT CLOSEOUT TAX CERTIFICATION

In the performance of Contract No. _____, I certify that I have complied with the requirements of the law, and the Economic and Workforce Development Department, City of Los Angeles, regarding the obtaining of employer identification/account numbers, collection, payment, deposit, and reporting of Federal, State, and local taxes and the provision of W-2 forms to employees/enrollees who are not now my employees. For present employees/enrollees, formerly employed under the award, W-2 forms will be furnished as specified in Circular E of the Employers' Tax Guide.

IN WITNESS WHEREOF, this assignment has been executed this _____ day of _____, 2025.

Subrecipient Name

Subrecipient Address

Name of Authorized Representative

Signature

Title