

CWP Policy and Procedure Manual

| | |
|---|--------------------------------|
| Program: Administrative | Section: 7-10 |
| Subject: Contract De-obligation Policy | Effective Date: 8/14/17 |

- A. Purpose:** To provide more accurate budgeting, monitoring and fiscal management of Capital Workforce Partners (CWP) contracted funds.
- B. Policy/Procedure:** The following procedures are to be followed regarding the reporting, invoicing and monitoring of expenditures for CWP cost reimbursement contracts.

Subrecipients are required to report their expenditures monthly through the invoicing process, in accordance with the procedures detailed at Exhibit B. CWP will monitor expenditures against budget, assuming a consistent expenditure rate from month to month. Should a subrecipient plan for an expenditure rate that will vary from month to month, it may submit a quarterly expenditure projection for the following categories: (1) Personnel –covering all salary and fringe benefits associated with the contract; (2) Non-personnel –covering other expenses related to program delivery such as mileage, supplies, etc.; and (3) Subsidized Employment/Paid Work Experience – covering participant wage and fringe. The projection must be aligned with planned activities and service levels as described in the Scope of Services, must be accepted by the CWP program manager.

CWP subrecipients must record their monthly costs on an accrual basis. These costs are recorded on the CWP invoice form and submitted to CWP by the 10th day following the close of the previous month. Invoices are reviewed for accuracy, and to ensure that costs are reasonable, allowable and allocable before approval by program management staff and submission to the CWP Finance & Administration Department for payment.

On a quarterly basis, cumulative expenditures will be reviewed against either percentage of the contract period elapsed, or the Quarterly Contract Expenditure Plan as approved by CWP. If actual expenditures fall below 90% of the projected amount, the difference will be subject to formal de-obligation from the originally contracted amount. Only expenditures reported to CWP by timely submission of invoices will be recognized as incurred. Expenditures incurred but not billed on time will be subject to de-obligation.

The subrecipient must provide a written explanation of the cause of the under-expenditure during the quarter, and a detailed plan for meeting projected expenditures by the end of the following quarter. CWP may choose to waive the de-obligation policy for the quarter if it deems that the cause of the under-expenditure is unlikely to recur, and that the contractor's expenditure plan is acceptable. CWP will de-obligate the contract if it determines that reallocation of unspent funds will benefit other CWP programs and participants, regardless of the contractor's explanation and proposed expenditure plan.

CWP will notify the subrecipient of its intent to de-obligate the contract by the 30th of the month following the end of the quarter. A contract budget modification will be required, accompanied by a Quarterly Contract Expenditure Plan based on the modified budget.

CWP may de-obligate the contract at any time should it lose funding due to rescission or other circumstances outside its control.