



DISTRICT OF COLUMBIA

OFFICE OF THE STATE SUPERINTENDENT OF

EDUCATION

DC Office of the State Superintendent of Education
Adult and Family Education

**Internal Control Policy
for the Accurate Tracking
and Reporting of
Grant Expenditures**

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SECTION 1: OVERVIEW

1A. Workforce Innovation and Opportunity Act (WIOA)

The Workforce Innovation and Opportunity Act (WIOA) and its implementing regulations require that the District of Columbia submit a plan to the U.S. Secretary of Labor as well as the U.S. Secretary of Education that outlines a four-year workforce development strategy for the state's workforce development and adult education system. Federal reforms to WIOA foster better alignment of federal investments in job training and adult education to integrate service delivery across workforce programs.

The District's WIOA Unified State Plan was developed by the Office of the Deputy Mayor for Greater Economic Opportunity (DMGEO), the Office of the Deputy Mayor for Planning and Economic Opportunity (DMPED), the Workforce Investment Council (WIC), Department of Employment Services (DOES), Department on Disability Services-Rehabilitation Services Agency (DDS/RSA), Office of the State Superintendent of Education (OSSE), Department of Human Services (DHS), and the University of the District of Columbia (UDC). The Office of the City Administrator's (OCA) Office of Performance Management also provided additional capacity and support to this core team of agencies during the plan development.

The WIOA Unified State Plan emphasis on expanding economic opportunity to District residents across the city makes partnerships critical to ensuring that more residents are able to access a career pathway to the middle class through the following goals:

- Alignment of the District's Workforce System;
- Access to Integrated/Concurrent Workforce and Education Services;
- Sector Strategies/Alignment with Business Needs; and
- Increased Performance and Accountability¹.

1B. Adult Education and Family Literacy Act (AEFLA)

The OSSE is the District of Columbia agency responsible for administering the Adult Education and Family Literacy Act (AEFLA), a federal initiative authorized by Title II of the WIOA of 2014 (Pub. Law 113-128), codified at 29 U.S.C. § 3271 *et seq.* and its implementing regulations at 34 C.F.R. Part 463. The AEFLA grant program is supported with a match of local funds, as required by Title II, Section 222(b) of WIOA codified at 29 U.S.C. § 3302(b). The AEFLA is designed to give adults the opportunity to improve their skills through high-quality, research-based programs and activities.

Through its Adult and Family Education (AFE) team, OSSE:

- Awards federal and local funds to eligible providers to offer adult education services to District residents;
- Facilitates state leadership activities including professional development, technical assistance and monitoring;
- Provides resources (assessment, screening, instructional software and materials, equipment, and assistive technology) to adult education providers and partners in the city; and

- Maintains and reports state and local program performance, progress and outcome data to the U.S. Department of Education, city officials and other stakeholders to facilitate continuous improvement at the state and local program levels.

1C. Purpose

This document outlines the guidelines that must be adhered to by eligible providers that receive OSSE AFE federal and local grant funds as established by the Education Department General Administrative Regulations (EDGAR), and the Office of Management and Budget (OMB's) Uniform Administrative Requirements, Cost Principles, and Audit Requirements at 2 C.F.R. Part 200.

Specifically, through describing OSSE AFE's internal controls related to (1) the separate tracking and reporting required for WIOA Sections 225, 231, and 243 and local grant awards; and (2) ensuring that local providers meet AEFLA's statutory administrative cost limits, these guidelines provide reasonable assurance that:

- Federal and local grant transactions are properly recorded and accounted for in order for OSSE AFE and eligible providers to prepare reliable financial reports, maintain accountability over assets, and demonstrate compliance with federal rules and grant conditions;
- Federal and local grant transactions comply with federal and state laws, and grant conditions that could have a direct and material effect on federal and local grant programs; and
- Federal and local grant funds, property and other assets are safeguarded against loss. 2 C.F.R. §§ 200.61-62.

SECTION 2: GRANT FUNDS

2A. Funding Authority

As the pass-through entity for Federal funding from the U.S. Department of Education and local funding from the District of Columbia Government, City Council and/or Workforce Investment Council (WIC), OSSE AFE is responsible for awarding the following federal and local grant funds to eligible providers annually through a competitive grant or continuation grant process, when applicable.

- WIOA Section 231 Adult Education and Literacy Activities Federal Grant
- WIOA Section 225 Programs for Corrections Education and Other Education of Institutionalized Individuals Federal Grant
- WIOA Section 243 Integrated English Literacy and Civics Education (IELCE) Federal Grant
- AFE State Grant* for Matching and Maintenance of Effort (MOE)
- AFE Local Grant
- Gateway to Careers Local Grant
- WIC Career Pathways Local Grant

OSSE AFE grants are subject to the terms of: (i) the statutory authority described in the Grant Award Notification (GAN), which may include the Adult Education and Family Literacy Act, Title II of the Workforce Innovation and Opportunity Act (WIOA) of 2014 (Pub. Law 113-128), codified at 29 U.S.C. § 3271 et seq.; State Education Office Establishment Act of 2000, effective October 21, 2000 (D.C. Law 13-176; D.C. Official Code § 38-2602(b)); Fiscal Year 2018 Budget Support Act of 2017, sec. 4052; Mayor's

Order 2016-086; and/or the Workforce Investment Implement Act of 2000 (DC Code 32-1601 et seq.); (ii) the request for application; and (iii) the approved application, budget, and assurances as submitted by the grantee.

Where applicable, the grant award is subject to the terms, conditions, and provisions of the General Education Provisions Act (PL 90-247), as amended and codified at 20 U.S.C 1221 et seq and the Education Department's General Administrative Regulations (EDGAR) in 34 C.F.R. Parts 76 (Except For 76.650 - 76.662 (Participation Of Students Enrolled In Private Schools), 77, 81, 82, 84 and 99, the Uniform Administrative Requirements, Cost Principles and Audit Requirements in 2 C.F.R. Parts 200 and 3474, and the Non-procurement Debarment and Suspension regulations in 2 C.F.R. Parts 180 and 3485.

2B. Statutorily Allowable Uses of Funds

A grantee must ensure that all expenditures are relevant under the applicable program statute, accompanying program regulations, non-regulatory guidance, and grant award notifications. The following describes allowable expenditures under each of the grants awarded by OSSE AFE.

2B1. Section 231 Adult Education and Literacy Activities Federal Grant Funds

WIOA Section 231 funds must be used to establish or operate programs that provide adult education and literacy activities. WIOA § 231(b). Adult education and literacy activities are programs, activities, and services that include: 1) Adult education, 2) Literacy, 3) Workplace adult education and literacy activities, 4) Family literacy activities, 5) English language acquisition activities, 6) Integrated English literacy and civics education, 7) Workforce preparation activities, or 8) Integrated education and training. 34 C.F.R. § 463.30. Please see Appendix A for further information on these types of adult education and literacy activities.

2B2. Section 225 Programs for Corrections Education and Other Education of Institutionalized Individuals Federal Grant Funds

WIOA Section 225 funds must be used for educational programs for criminal offenders in correctional institutions and other institutionalized individuals, including academic programs for: 1) Adult education and literacy activities, 2) Special education, 3) Secondary school credit, 4) Integrated education and training, 5) Career pathways, 6) Concurrent enrollment, 7) Peer tutoring, and 8) Transition to re-entry initiatives and other post-release-services with the goal of reducing recidivism. WIOA § 225(b); 34 C.F.R. § 463.60.

Funds must also be used to provide educational counseling or case work to support incarcerated individuals' transition to re-entry and other post-release services such as: 1) Assisting incarcerated individuals to develop plans for post-release education program participation, 2) Assisting students in identifying and applying for participation in post-release programs, and 3) Performing direct outreach to community-based program providers on behalf of re-entering students. WIOA § 225 funds may not be used for costs for participation in post-release programs or services. 34 C.F.R. § 463.63.

2B3. Section 243 Integrated English Literacy and Civics Education (IELCE) Federal Grant Funds

WIOA Section 243 funds must be used to provide education services for English language learners, including professionals with degrees and credentials in their native countries (34 C.F.R. § 463.70) that: 1) Include instruction in literacy and English language acquisition and instruction on the rights and responsibilities of citizenship and civic participation, 2) Are designed to prepare adults English language learners for, and place such adults in, unsubsidized employment in in-demand industries and occupations that lead to economic self-sufficiency, and 3) Are designed to integrate with the local workforce development system and its functions to carry out the activities of the program. 34 C.F.R. § 463.73.

2B4. AFE State Grant* Funds for Matching and Maintenance of Effort (MOE)

AFE State Grant* funds must be used to support the provision of WIOA Section 231 Adult Education and Literacy Activities, Section 225 Programs of Correction Education and Other Education of Institutionalized Individuals, and Section 243 Integrated English Literacy and Civics Education (IELCE) for District residents.

2B5. AFE Local Grant Funds

AFE Local Grant funds must be used for Adult Education and Literacy Activities for District residents.

2B6. Gateways to Careers Local Grant Funds

Gateway to Careers funds must be used for the provision of integrated adult education and literacy and workforce preparation services (e.g., career awareness, career exploration, career mapping, career planning services, etc.) for a specific occupation or occupational cluster for the purpose of educational and career advancement to adult learners with literacy and numeracy skills at the Adult Basic Education (ABE) Levels (A-B)/Grade Level Equivalencies 1st to 5th grade.

2B7. WIC Career Pathways Local Grant Funds

WIC Career Pathways funds must be used for provision of integrated education and training (adult education and literacy activities concurrently and contextually with workforce preparation activities and workforce training) for a specific occupation or occupational cluster for the purpose of educational and career advancement to District residents. Additionally, the funding may be used to support program activities that 1) prepare District residents to be successful in a full range of secondary or postsecondary education options, including apprenticeships and work-based learning opportunities; 2) enable District residents to attain a secondary school diploma or its recognized equivalent, and at least one recognized postsecondary credential; and 3) help District residents enter or advance within a specific occupation or occupational cluster.

2C. 2 C.F.R. Part 200 Cost Principles

All Federal funds and local funds expended to meet a matching or maintenance of effort requirement must be expended in accordance with the cost principles delineated in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements at 2 C.F.R. Part 200, Subpart E.

Local funds not expended to meet a matching or maintenance of effort requirement are not subject to 2 C.F.R. Part 200, Subpart E. However, OSSE imposes requirements which mirror the cost principles found there. Specifically, costs must meet the following general criteria in order to be allowable:

- Be necessary and reasonable for the performance of the award and allocable to the award;
- Be determined in accordance with generally accepted accounting principles (GAAP); and
- Be adequately documented.

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. A cost is allocable to the award if the goods or services involved are chargeable to the award in accordance with the relative benefits received.

2D. Internal Controls – Accurate Tracking and Reporting of Grant Funds

A grantee of federal funds must use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds. 34 C.F.R. § 76.702. A grantee's financial management system must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. 2 C.F.R. § 200.302.

OSSE AFE employs the following procedures to accurately track and report grant funds, including federal AEFLA funds expended for activities carried out under the provisions of Sections 225, 231, and 243 of WIOA:

- OSSE AFE staff work with the Office of the General Counsel, Office of Grants Management and the Office of the Chief Information Officer to establish a grant application, budget template, grant award notification, spend plan and allocation spreadsheet for each of the WIOA Sections - 225, 231 and 243. This separation allows OSSE AFE to separately track and report expenditures under each of the funding streams under AEFLA.
- Eligible providers applying for WIOA Section 225, 231 and/or 243 funding complete and submit a consolidated grant application and budget for each of the applicable WIOA sections in OSSE's Enterprise Grants Management System (EGMS). The consolidated application specifies the requirements for funding for each section. The budget template for each section includes the specific budget and program categories for which expenditures may be charged to the grant.
- Once the application and budgets have been approved, the eligible provider receives a grant award letter and grant award notification for each of the applicable WIOA Sections - 225, 231 and 243 as well as local AFE, local AEFLA for Federal Matching and MOE, and WIC Career Pathways funds.
- Eligible providers are encouraged to submit cost reimbursements monthly for approval and

payment. OSSE AFE staff review for allowability with that specific funding stream and approve cost reimbursement requests, and track and monitor the expenditure and draw down of grant funds throughout the grant period.

SECTION 3: ADMINISTRATIVE EXPENDITURES

3A. Administrative Cap

An eligible provider may not spend more than 5% of its AEFLA funds on administrative activities for carrying out adult education and literacy activities. WIOA § 233(a); 34 C.F.R. § 463.25-26. This cap applies to Section 231, Section 225, and Section 243 expenditures, as well as AFE State Grant* funds used to meet federal matching and maintenance of effort requirements. If the 5% cap is too restrictive, eligible providers can negotiate with OSSE to determine an “adequate level of funds to be used for noninstructional purposes.” WIOA § 233(b).

The administrative expenditure cap must include all direct administrative charges as well as any recovered indirect charges.

3B. Direct Administrative Costs versus Indirect Costs

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. 2 C.F.R. § 200.413(a). Indirect costs are those that have been incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. 2 C.F.R. § 200.56. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. 2 C.F.R. § 200.413(a).

Identification with the federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of Federal awards. Typical costs charged directly to a Federal award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the Federal award. 2 C.F.R. § 200.413(b). The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

- Administrative or clerical services are integral to a project or activity;
- Individuals involved can be specifically identified with the project or activity;
- Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
- The costs are not also recovered as indirect costs. 2 C.F.R. § 200.413(c).

3C. Administrative Costs under AEFLA

Under AEFLA and its implementing regulations, an eligible provider may consider costs incurred in connection with the following activities to be administrative costs:

- Planning;
- Administration, including carrying out performance accountability requirements;
- Professional development;
- Providing adult education and literacy services in alignment with local workforce plans, including promoting co-enrollment in programs and activities under Title I, as appropriate; and
- Carrying out the one-stop partner responsibilities, including contributing to the infrastructure costs of the one-stop delivery system. WIOA § 233(a); 34 C.F.R. § 463.25-26.

3D. Internal Controls – Tracking of Administrative Costs

OSSE AFE employs the following procedures to accurately track and report administrative costs to ensure that grantees do not exceed the 5% administrative cap for federal AEFLA funds and local AEFLA funds used to meet the matching or MOE requirement:

- Upon submission in EGMS, OSSE AFE staff review the consolidated application and budgets to ensure that the proposed expenditures are allowable, reasonable, and allocable and to ensure that the provider's combined administrative and indirect costs do not exceed the 5% cap.
- The budget summary tab in the grant application includes the amount and percentage of the grant expenditures by budget and program category.
 - The Budget Categories include 100-Salaries and Benefits, 300-Professional Services, 500-Equipment, 600-Supplies and Materials, 700-Fixed Property Costs and 800-Other Objects.
 - The Program Categories in the budget include 30-Administration, 40-Operations and Maintenance, 50-Student Transportation, 80-Other Expenses, 90-Training, and 100-Travel for federal and local grants. The inclusion of the Administration Program Category allows OSSE AFE to determine the amount budgeted for direct local administration activities.
- The budget summary includes the total of all program categories, the amount and percentage of the Approved Indirect Costs and the grand totals of all budget categories.
- If the combined administrative and indirect cost amounts and percentages exceed the 5% cap for Sections 225, 231, and 243 and the AFE State Grant* funds to meet Federal matching and MOE requirements, OSSE AFE staff work with the grantee to modify the administrative and indirect costs to comply with the 5% cap requirement.
- Eligible providers are encouraged to submit cost reimbursements monthly for approval and payment, inclusive of reimbursement for Indirect Costs. OSSE AFE staff review for allowability and approve cost reimbursement requests, and track and monitor the expenditure and draw down of grant funds throughout the grant period. OSSE AFE staff review each reimbursement request to ensure that the costs were included within the approved budget and, consequently, will not exceed the 5% administrative cap.

SECTION 4: ENSURING COMPLIANCE

OSSE AFE is responsible for ensuring that grantees use an award for authorized purposes, in compliance with applicable Federal and District statutes, regulations, and the terms and conditions of the award, and that award performance goals are achieved. To do this, in addition to the internal controls related to the tracking of funds within EGMS described in this policy, OSSE relies on monitoring and the review of single audits.

4A. Monitoring

The grantee will cooperate with any evaluation of the program, such as providing OSSE AFE requested data and access to records and pertinent staff. Grantees participate in monthly monitoring reviews, inclusive of a site visit, desk review and check-in session with OSSE AFE staff on a rotating basis each quarter. Grantees are also required to submit monthly statistical reports and quarterly narrative reports. Other quarterly monitoring activities include folder sampling, classroom observations and fiscal monitoring (cost reimbursements, matching requirement, and program income). Grantees participate in a final monitoring review at the end of the program year to evaluate their overall performance and to develop a plan for continuous improvement. Monitoring efforts are designed to determine the grantee's level of compliance with federal and/or District requirements and identify specifically whether the grantee's operational, financial and management systems and practices are adequate to account for program funds in accordance with federal and/or District requirements. Upon the discovery of non-compliance, OSSE AFE ensures that the grantee takes timely and appropriate action on all deficiencies and considers the use of specific conditions and/or enforcement actions to ensure compliance moving forward.

Grantees shall be required to cooperate with all requirements and information requests by OSSE relating to evaluation of the program and the collection of data, information, and reporting on outcomes regarding the program and activities carried out with grant funds.

4B. Audit Requirements

OSSE requires that grantees that expend a combined total of \$750,000 or more in federal grant funds from *all sources* complete a Single Audit in accordance with 2 C.F.R. § 200.514, "Scope of Audit," except when it elects to have a program specific audit conducted. The audit must be completed, and the data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. A copy of the grantee's Single Audit must be sent to OSSE. OSSE reviews the audit and determines the need for a management decision and corrective actions.

SECTION 5: RECORD RETENTION

5A. Record Retention

OSSE and any grantee must maintain records to show its compliance with program requirements. 34 C.F.R. 76.731. Specifically, these records must show:

- The amount of funds available under the grant;
- How the grantee used the funds;
- The total cost of the project;
- The share of that total cost provided from other sources; and
- Other records to facilitate an effective audit. 34 C.F.R. § 76.730.

Financial records, supporting documents, statistical records, and all other entity records pertinent to the award must be retained for a period of five (5) years from the date of submission of the final expenditure report. If any litigation, claim, or audit is started before the expiration of the five (5) year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. 2 C.F.R. § 200.333.

While these record retention requirements are found within 2 C.F.R. Part 200 for Federal awards, OSSE also applies the requirements to local funding through its grant award notification.

SECTION 6: TRAINING AND TECHNICAL ASSISTANCE

6A. Training and Technical Assistance

OSSE AFE grantees must participate in mandatory training on managing Adult Education and Family Literacy Grant Funds and other grant administration related professional development activities. OSSE AFE staff work in collaboration with the OSSE's Office of Grants Management and Compliance (OGMC) to identify training providers and/or to offer training to its grantees. Technical assistance is provided by OSSE AFE and OGMC staff to grantees. Additionally, OSSE AFE staff participate in grant managers meetings and trainings offered by the OSSE OGMC.

6B. OSSE Adult and Family Education Contact Information

For questions about OSSE Adult and Family Education's Internal Control policy contact:

OSSE Adult and Family Education
1050 First St. NE, Fifth Floor
Washington, DC 20002
(202) 727-8446
OSSE.AFETA@dc.gov

Appendix A

Adult Education Activities

The following provides additional information on services allowable under Section 231 of WIOA:

2B1a. English Language Acquisition

WIOA Section 231 funds can be used to establish or operate English Language Acquisition (ELA) programs of instruction designed to help eligible individuals who are English language learners achieve competence in reading, writing, speaking, and comprehension of the English language. Additionally, funds must be used to support ELA programs of instruction that lead to the attainment of a secondary school diploma or its recognized equivalent and that help students transition to postsecondary education and training or employment. 34 C.F.R. § 463.31.

To meet this requirement, the program must: 1) Have implemented state adult education content standards, 2) Offer educational and career counseling services that assist an eligible individual to transition to postsecondary education or employment; or 3) Be part of a career pathway. 34 C.F.R. § 463.32.

2B1b. Integrated English Literacy and Civics Education

WIOA Section 231 funds can be used to provide education services for adult English language learners, including professionals with degrees or credentials in their native countries, that enable them: 1) To achieve competency in the English language, and 2) Acquire the basic and more advanced skills needed to function effectively as parents, workers, and citizens in the United States.

Additionally, Integrated English Literacy and Civics Education programs: 1) Must include instruction in literacy and English language acquisition and instruction on the rights and responsibilities of citizenship and civic participation, and 2) May include workforce training. 34 C.F.R. § 463.33.

2B1c. Workforce Preparation

WIOA Section 231 funds can be used to provide activities, programs, or services designed to help an individual acquire a combination of basic academic skills, critical thinking skills, digital literacy skills, and self-management skills, including competencies in: 1) Utilizing resources; 2) Using information; 3) Working with others; 4) Understanding systems; 5) Skills necessary for successful transition into and completion of postsecondary education or training, or employment; and 6) Other employability skills that increase an individual's preparation for the workforce. 34 C.F.R. § 463.34.

2B1d. Integrated Education and Training

WIOA Section 231 funds can be used to offer Integrated Education and Training (IE&T) to students. IE&T is a service approach that provides adult education and literacy activities concurrently and contextually with workforce preparation activities and workforce training for a specific occupation or occupational cluster for the purpose of educational and career advancement. 34 C.F.R. § 463.35. IE&T programs must include three components: 1) Adult education and literacy activities, 2) Workforce preparation activities, and 3) Workforce training for a specific occupation or occupational cluster. 34 C.F.R. § 463.36.