

OFFICIAL

Michigan Strategic Fund (MSF)
Fiscal Reporting Policy Issuance (PI): 12-04

E-mailed: 06/27/2012

Date: June 27, 2012

To: Michigan Works! Agencies (MWAs)

From: Lori Schomisch, Federal Finance Manager, Michigan Strategic Fund (MSF)
SIGNED

Subject: Management of Awards to Recipients System (MARS) Fiscal Reporting

Purpose: To issue Fiscal Reporting Instructions for funds administered by the Workforce Development Agency, State of Michigan (WDASOM)

Rescissions: Fiscal Reporting PI 09-03, Fiscal Reporting PI 09-02, Fiscal Reporting PI 08-02, Fiscal Reporting 08-01, Fiscal Reporting PI 07-02, Fiscal Reporting PI 07-01, and subsequent changes, Office of Workforce Development (OWD) PI 02-19, OWD PI 04-01

References: See attached list for MARS funding and related policy issuances

Policy: MARS was implemented in May 2009 by the Financial Services Division of the Department of Energy, Labor and Economic Growth (currently known as the Department of Licensing and Regulatory Affairs). The system was designed to allow State of Michigan grant recipients to request cash, report expenditures and view financial data for their grants online, and eliminate the need to fax cash requests and expenditure reports to the Financial Services Division. Currently, all twenty five MWAs have online access to MARS for the purpose of requesting cash and reporting expenditures. State of Michigan Executive Order 2011-04 transferred all workforce programs and related administrative duties of the grants currently in the MARS system to the Michigan Strategic Fund, effective October 1, 2011. The fiscal reporting procedures outlined in this policy issuance are applicable to all funds administered by the WDASOM (previously known as the BWT) for which a Grant Action Notice or Financial Award has been entered into MARS. As a reference, a list of active grants/awards currently in MARS and the most recent corresponding program policy issuances are included in this document. The policy issuances listed provide details for fiscal reporting requirements (i.e., monthly, quarterly) and cost category definitions, as well as other important information pertaining to the grant/award, and should be referenced when completing expenditure reports in MARS. A User Manual is available as a guide when using MARS. The User Manual can be accessed from the MARS home page at www.michigan.deleg-mars.org.



Workforce Development Agency, State of Michigan

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General Information

Accounting Systems

Agencies, which do not maintain a computerized accrual accounting system, may meet the accrual reporting requirements by reporting actual expenditures, plus accruals. All amounts reported must be based on documentation on-hand. Such documentation is to show a link between the accrual figures (from an accrual worksheet) and non-accrued financial accounts (journals and ledgers). All financial reports submitted to the State of Michigan must be traceable to journals, ledgers and worksheets. All costs are subject to review and audit. A cost not properly documented could be identified as an audit exception and be disallowed.

Program Income

Program income includes income from fees for services performed from the use of rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments of principle and interest on loans made with grant funds. Program income does not include rebates, credits, discounts, refunds, etc., or interest earned on any of these items.

Program income means gross income received, and directly generated by a grant-supported activity, or earned only as a result of the grant agreement during the grant period. "During the grant period" is the time between the effective date of the award and the ending date of the award reflected in the final closeout expenditure report.

All program income must be used prior to the submission of the final closeout report for the Fiscal Year (FY) for which program income was earned.

Interest Income

Because funds received for grants accessed via MARS are to be drawn only on an "immediate cash needs" basis, interest income related to these programs should be minimal.

Specific to Workforce Investment Act (WIA) programs, interest income earned by MWAs should be reported as program income. Federal WIA regulations require that interest earned on funds received under WIA Title I must be treated as, and included in, the calculation and reporting of program income.

For non-WIA programs, interest income earned by MWAs is not considered program income and must be identified and reported separately. Federal regulations on interest income vary slightly between governmental and nongovernmental entities as follows:

- Governmental Entities – The entity is allowed to retain the first \$100 of interest income earned per year for administrative expenses. This \$100 limit is cumulative across all federal funding sources, and **not** \$100 per each federal funding source. Any interest earned on federal funds in excess of \$100 must be remitted on a quarterly basis [45 CFR Part 92.21 (f) and (i)].

- Nongovernmental Entities – The entity is allowed to retain the first \$250 of interest income per year for administrative expenses. The \$250 limit is cumulative across all federal funding sources, and **not** \$250 per each federal funding source. Interest earned on federal funds in excess of the first \$250 per year must be remitted on an annual basis [45 CFR Part 74.22 (g), (k) and (l)].

Remittance of interest income earned in excess of the allowable amounts indicated above must be remitted via check made payable to the “State of Michigan,” along with a completed remittance submission form (Attachment B) to the following address:

State of Michigan
Michigan Strategic Fund
300 North Washington Square
Lansing, Michigan 48913

Action: Effective immediately, grant recipients must take action necessary to implement the directives of this policy issuance.

Inquiries: Questions regarding this policy issuance should be directed to Ms. Lori Schomisch, Manager, Federal Finance, Michigan Strategic Fund at (517) 241-0672.

Expiration

Date: Continuing

JM:DSL:pv
Attachments

Current Management of Awards to Recipients System (MARS) Funding and Related Policy Issuances**Workforce Investment Act (WIA) Funding**

- Adult, Dislocated Worker and Youth Program - Workforce Development Agency (WDA) Policy Issuance (PI) 12-01, issued July 1, 2012
- Adult, Dislocated Worker and Youth - WDA PI 11-19, issued February 27, 2012
- Energy Conservation Apprenticeship Readiness Program (ECAR) - Bureau of Workforce Transformation (BWT) PI 10-24, issued March 24, 2011
- Performance Grants for Employment and Training Activities - WDA PI 11-15, issued January 5, 2012
- Capacity Building and Professional Development - WDA PI 11-14, issued December 1, 2011
- Statewide Activities-Service Center Operations - WDA PI 11-16, issued January 11, 2012
- Statewide Activities-High Concentration of Youth - WDA PI 11-25, issued March 21, 2012

Trade Adjustment Assistance (TAA) Funding

- Case Management - WDA PI 11-20, issued March 3, 2012

****Note:** Regular TAA funding allocations are not issued in a policy issuance. Please refer to BWT PI 10-22 for fiscal and program information.

Temporary Assistance for Needy Families (TANF)-Jobs Education and Training (JET) Funding

- JET-Supportive Services - WDA PI 11-30, issued March 30, 2012
- JET Program Plan Instructions - WDA PI 11-08, issued September 28, 2011

Food Assistance Employment and Training (FAE&T)

- FAE&T Program Policy Guidelines and Plan Instructions—WDA PI 11-31, issued March 30, 2012

Wagner Peyser/Employment Services Funding

- Employment Services Plan Instructions - BWT PI 11-01, issued June 24, 2011
- Required Reemployment Services-Emergency Unemployment Compensation (EUC) Claimants WDA PI 11-28, issued March 27, 2012

****Note:** Due to the fact that new policy issuances are generally issued each new Program Year and Fiscal Year, the most recent policy issuance should always be referenced.

