



Reconciliation of Budgeted to Actual Costs PY 2017

January 31, 2018

Overview

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Background

- [TEGL 17-16](#): the “one-stop operating budget must be **periodically reconciled** against actual costs incurred and adjusted accordingly.”
- Budgeted to actual costs must be reconciled for **both infrastructure costs and for local service delivery system costs**.
- The *purpose* of reconciliation is to ensure the one-stop operating budget “reflects a cost allocation methodology that demonstrates how infrastructure costs are charged to each partner **in proportion to the partner’s use of the one-stop center and relative benefit received**.”

Purpose of the Handbook for Conducting Periodic Reconciliation

To support individuals responsible for performing reconciliation of PY 2017 budgeted to actual costs.

Provide guidance for the reconciliation process.

Provide tools to support the process.

Suggested timeline for the reconciliation process

Reconciliation Spreadsheet

Sample matrix of benefits received by partner

Sample matrix for tracking actual costs incurred by partner

Sample final reconciliation notice

Timeline – Frequency of Reconciliation

- **Reconciliation in Illinois must occur at least semi-annually.**
 - The Local Workforce Board Chair determines the frequency of reconciliation.
 - Must be at least semi-annually.
 - Can be more frequent (e.g., quarterly).
- Source: “Governor’s Guidelines – Supplemental Guidance for PY 2018 and PY 2017 Reconciliation,” page 4

Timeline – Definitions

Reconciliation period – the time between the one-stop operating budget’s effective date and the quarterly or six-month period in which costs are incurred

Semi-annual reconciliation periods:
July 1, 2017 – December 31, 2017
January 1, 2018 – June 30, 2018

Reconciliation process – the process of reconciling budgeted to actual costs incurred during the reconciliation period

The reconciliation process starts after the end of the reconciliation period. Payments of additional amounts owed are generally paid within 60 calendar days of the end of the reconciliation period.

Sample Timeline

SAMPLE TIMELINE FOR SEMI-ANNUAL RECONCILIATION			
NUMBER OF DAYS SINCE END OF RECONCILIATION PERIOD	SAMPLE DATES FOR SEMI-ANNUAL RECONCILIATION PERIODS		ACTIVITY
	12/31	6/30	
Within 20 calendar days	1/20/18	7/20/18	Actual cost for the reconciliation period compiled by individual responsible for reconciliation
Within 25 calendar days	1/25/18	7/25/18	Individual responsible for reconciliation shares the actual costs for the reconciliation period (i.e., actual costs incurred between 7/1/2017 and 12/31/2017)
Within 30 calendar days	1/30/18	7/30/18	Individual responsible for reconciliation issues notices to required partners any additional amounts owed within 30 days of the date of notice
Within 60 calendar days	3/1/18	8/29/18	Required partners pay any additional amounts owed, per the notice

General Process of Reconciliation

1. Local Workforce Board Chair determines the frequency of reconciliation in the local area.
2. Local Workforce Board Chair identifies the individual responsible for performing reconciliation in the local area.
3. The individual responsible for reconciliation develops a process for identifying actual costs at the end of each reconciliation period.

General Process – Continued

1. Identify the benefits received by each required partner that shares costs in the local area.
 - Use the Sample Matrix of Benefits Received by Required Partner
 - Customize the basic benefits and programmatic benefits to your local area
2. Identify each required partner's FTE commitment made in the original MOU/budget agreement
 - For reconciliation purposes, the original FTE commitments made by each required partner at the effective date of the MOU remain the basis of adjusting a required partner's proportionate share during reconciliation.
 - A change in a partner's FTE commitment at any time in the program year requires an MOU/budget amendment with new partner approval/signatures.

General Process – Continued

3. Identify actual costs incurred during the reconciliation period.
 - Use the Sample Matrix for Tracking Actual Costs Incurred by Partner
 - Identify the partner incurring the cost of each line item
 - Confirm with that partner the actual costs incurred for each line item
 - Enter the sum of the actual costs incurred into the Reconciliation Spreadsheet

- **Threshold for reconciliation versus budget amendment:**

Line item variances exceeding 15% of the budgeted amount *and* 10% of the total budget require an MOU/budget amendment agreed-upon and signed by all required partners in the local area.

General Process – Continued

4. Complete the Reconciliation Spreadsheet
 - Use a new Reconciliation Spreadsheet for every reconciliation period
 - Complete a Reconciliation Spreadsheet for every one-stop center where partners are sharing costs
 - Enter the budgeted costs applicable to that reconciliation period only
 - ✓ Do not enter the total annual budget
 - Send completed Reconciliation Spreadsheet to all partners for review.

- From the Matrix for Tracking Actual Costs Incurred by Required Partner:
The third column, “Budgeted Cost for This Reconciliation Period,” is entered into the Reconciliation Spreadsheet.

General Process – Continued

5. Send a final notice of reconciliation and relative benefit received
 - Customize the Sample Final Reconciliation Notice in the handbook to your area
 - Request payment of any additional amounts owed within 30 calendar days of the date of notice
 - Include a statement with the final notice to verify that each required partner's share was found "to be proportionate to the benefit received consistent with the matrix of benefits of shared costs."

- **Distribute final notices with:**
 - A table of amounts owed/credited by required partner
 - A final Matrix of Benefits Received by Partner



Reconciliation Spreadsheet

Enter the Address of the One-Stop Center for Which Costs Will Be Reconciled:

Complete this spreadsheet for each one-stop center
Complete a new spreadsheet for every reconciliation period

Cells appearing in gold indicate cells in which you manually enter data, per the instructions on Tab 1.

e.g., 7/1/17 e.g., 12/31/17

	Start Date	End Date																			Total (Math Check)
Enter the Start and End Dates of This Reconciliation Period:																					
Reconciliation Period	Total for One-Stop Center	Partner 1	Partner 2	Partner 3	Partner 4	Partner 5	Partner 6	Partner 7	Partner 8	Partner 9	Partner 10	Partner 11	Partner 12	Partner 13	Partner 14	Partner 15	Partner 16	Partner 17	Partner 18	Total (Math Check)	
Budgeted Costs																					
Budgeted Costs for this Reconciliation Period Only	\$ 10,000.00	\$555.56	\$555.56	\$555.56	\$555.56	\$555.56	\$555.56	\$555.56	\$555.56	\$555.56	\$555.56	\$555.56	\$555.56	\$555.56	\$555.56	\$555.56	\$555.56	\$555.56	\$555.56	\$555.56	\$10,000
Actual Costs Incurred																					
Actual Costs Incurred in this Reconciliation Period Only	\$ 9,000.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$9,000
Budgeted FTEs	18	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	18
Partner % of Total FTEs Providing WIOA Services		6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	100%
Amounts Owed or Credited*																					
Amount Owed or Credited for this Reconciliation Period	(\$1,000.00)	(55.56)	(55.56)	(55.56)	(55.56)	(55.56)	(55.56)	(55.56)	(55.56)	(55.56)	(55.56)	(55.56)	(55.56)	(55.56)	(55.56)	(55.56)	(55.56)	(55.56)	(55.56)	(55.56)	(1,000)

Negative amounts in (red) indicate amounts to be credited to each required partner.

Special Circumstances

If reconciliation occurs after partners amended the budget:

SCENARIO	VERSION OF BUDGET TO RECONCILE
<p>If a budget amendment becomes effective before the end of the reconciliation period</p>	<p>Reconciliation will be based on the actual costs during the reconciliation period compared to the new amount that partners agreed to contribute per the amended budget</p>
<p>If partners amended the budget after the end of the reconciliation period</p>	<p>Reconciliation will be based on the actual costs during the reconciliation period 1 compared with the originally agreed-upon budget</p>

Special Circumstances

If the actual amount of a line item exceeds the variance threshold:

SCENARIO	WHETHER A BUDGET AMENDMENT OR RECONCILIATION WILL OCCUR
<p>If a significant variance of a line item is permanent</p>	<p>An amendment to the one-stop operating budget and MOU is required with new partner signatures. Required partners must still amend the MOU with the amended budget even if the reconciliation occurred after the end of the program/fiscal year.</p>
<p>If a significant variance of a line item is temporary or seasonal</p>	<p>The fluctuation can be handled through the reconciliation process <i>without</i> requiring an amendment to the budget and MOU.</p>

Special Circumstances

If a required partner disagrees with the reconciliation or budget amendment:

- The required partner that disagrees should provide written notification within 15 days of the final reconciliation notice to the individual responsible for reconciliation explaining the rationale for disagreement or non-payment.
- The individual responsible for reconciliation informs the LWIB Chair, who follows the process agreed upon in Section 13 of the local MOU for resolving disputes that evolve after cost sharing agreements have been made.
- If partners still can't reach agreement, then the individual responsible for reconciliation informs Michael Baker at Commerce, wioaplans-mous@illinoisworknet.com, and provides a report signed by the LWIB Chair.
- The WIOA Interagency Work Group will consider any justifications received and identify next steps.

Special Circumstances

If a required partner does not pay an amount owed within 60 calendar days of the end of the reconciliation period:

- The individual responsible for reconciliation requests a written justification from the delinquent payee.
- The individual responsible for reconciliation provides a report signed by the LWIB Chair to Michael Baker, wioaplans-mous@illinoisworknet.com, with any justifications received, proposed solutions considered and reasons the proposed solutions were not accepted.
- The WIOA Interagency Work Group considers any justifications received and identifies next steps to assure payment is made.

Sample Matrix of Benefits Received by Partner

PROGRAM YEAR: PY 2017		RECONCILIATION PERIOD: 6/30/2017 – 12/31/2017															
Benefit Received (Examples)	Title IB	TAA	CSBG	Wagner-Peyser	MSFW	Veterans Services	UI Comp Programs	TRA	Adult Education	CTE/Perkins	Vocational Rehab	TANF	SCSEP	Second Chance	Job Corps	National Farmworkers	YouthBuild
BASIC BENEFITS (EXAMPLES)																	
Office space for staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to copiers/equip	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Security services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cleaning services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
High-speed internet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PROGRAMMATIC BENEFITS (EXAMPLES)																	
Potential for increased referrals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved service coordination	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer convenience to access co-located services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Opportunities for cross-trained staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Potential for streamlined intake processes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved business service integration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Sample Matrix for Tracking Actual Costs Incurred by Partner

Examples of Line Items in the One-stop Operating Budget	Required Partner(s) Incurring This Cost	Budgeted Cost for This Reconciliation Period	Actual Cost at End of Reconciliation Period	Difference
INFRASTRUCTURE COSTS (EXAMPLES)				
Facilities Costs				
Lease Cost		\$	\$	\$
Property and casualty insurance		\$	\$	\$
Security services		\$	\$	\$
Cleaning services		\$	\$	\$
Utilities		\$	\$	\$
Technology Costs				
Telecommunications / internet		\$	\$	\$
Equipment and technology		\$	\$	\$
Assistive technology		\$	\$	\$
Equipment rental (copier/fax)		\$	\$	\$
Common Identifier Marketing Costs				
Signage		\$	\$	\$
Other Shared Infrastructure Costs				
Other		\$	\$	\$
Other		\$	\$	\$
SHARED DELIVERY SYSTEM COSTS (EXAMPLES)				
Costs Related to Board Functions				
Staffing, salary, benefits		\$	\$	\$
Board meeting costs		\$	\$	\$
Audit costs of incorporated board		\$	\$	\$
Errors and omissions insurance		\$	\$	\$
Costs of strategic data gathering		\$	\$	\$
Costs to Promote Service Integration				
Joint staff training		\$	\$	\$
Customer satisfaction survey		\$	\$	\$
Business services		\$	\$	\$
One-stop center reception		\$	\$	\$
Resource room materials		\$	\$	\$
Dues and subscriptions		\$	\$	\$
Other Shared Delivery System Costs				
Other		\$	\$	\$
Other		\$	\$	\$



Sample Final Reconciliation Notice

SAMPLE NOTICE

[Date]

As required by the Workforce Innovation and Opportunity Act (WIOA), a reconciliation of budgeted to actual costs for shared costs in the comprehensive one-stop center(s) of Local Workforce Innovation Area (LWIA) ___ was conducted for the Program Year (PY) 2017.

The period of reconciliation was _____ to _____. The reconciliation process resulted in the following determination.

Actual costs incurred during this reconciliation period were less than budgeted in the original PY 2017 one-stop operating budget. As a result, each required partner's allocation of those total costs decreased. The attached table shows each required partner's credit.

OR

Actual costs incurred during this reconciliation period exceeded the amounts budgeted in the original PY 2017 one-stop operating budget. As a result, each required partner's allocation of those total costs increased. The attached table shows the additional amount owed for each required partner.

Please submit payment of this additional amount owed within 30 days of this notice to:

Name of Entity:	
Street Address:	
City, State, Zip:	
Phone Number for Questions:	

INCLUDE: Through the reconciliation process, each required partner's share was found to be proportionate to the benefit received consistent with the matrix of benefits of shared costs.

Attach to the final notice:

1. Amount credited/owed by required partner
2. Final matrix of benefits of shared costs by required partner



Questions

- Thank you