

APPENDIX 503

**JOB CORPS OUTREACH/ADMISSIONS AND
CAREER TRANSITION SERVICES
FINANCIAL MANAGEMENT**

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A. INTRODUCTION

1. Scope

This Appendix contains instructions and requirements for reporting and budgeting Job Corps Outreach/Admissions (O/A) expense and Career Transition Services (CTS) expense. This Appendix is applicable to Job Corps contract centers that are funded to perform O/A and/or CTS functions, as well as stand-alone contractors who perform O/A and/or CTS functions. CCC's that are funded for O/A or CTS activities are required only to budget and report on a totals basis for these two expense categories.

This Appendix is not intended to supersede the proposal development requirements prescribed in the O/A and/or CTS RFP. However, the cost categories established in this Appendix will be incorporated into the O/A and/or CTS RFPs.

2. Purpose

The procedures and requirements contained in this Appendix are intended to serve as the basis for a financial management system that provides Job Corps program managers at several levels with information that is necessary for determining the efficient allocation of funds. The Job Corps financial management system provides for:

- Periodic, detailed review of actual expenses and a comparison with planned (budgeted) expenses.
- The reliable identification of variances from budget that may require corrective action.
- The ratification of appropriate adjustments in current year and out-year budgets.
- The compilation of nationwide Job Corps cost data for inclusion in reports to the Congress and the public.

B. SYSTEM OVERVIEW

1. Uniform Cost Categories

A major feature of the Job Corps financial management system is the use of uniform cost categories that allow for comparability between O/A and CTS contractors and for the compilation of national and regional totals for analytical and public reporting purposes. The cost categories have been defined in a way that will provide information that is immediately relevant to ongoing managerial and oversight functions. For both budgeting and reporting purposes, costs are divided into 9 line item expense categories of O/A activities and 9 line item expense categories for CTS activities.

2. Initial Budget Formulation

The initial budget is normally formulated during the procurement process through which the contract is awarded. The budgets that are included in a contractor's proposal usually cover a 5-year period, including a 1-year or 2-year contract base period plus a number of potential option year extensions.

The approved budget is reflected in the formal contract document **in summarized form** within the estimated cost clause. It is a requirement of this Appendix that the contract's estimated cost amount for O/A expense always be backed up by a current line-item budget that is prepared using the Form 2181-O/A; and that the contract's estimated cost amount for CTS expense always be backed up by a current line-item budget that is prepared using the Form 2181-CTS. Except for the 5th and final year of a center contract, "2181" budgets are prepared in sets of two: one providing a line item budget for the current contract year and one for the next contract year. The initial "2181" budgets that are prepared upon contract award are for the first contract year and the second contract year and should be based on the contractor's proposal. However, the initial budget may incorporate minor revisions as agreed to or required by the regional office.

3. Reporting of Actual Expenses

Contractors are required to report actual expenses on a monthly basis. For contractor financial management and Job Corps monitoring purposes it is important that analysis be performed on data that is as current as possible. Moreover, the availability of monthly cost data allows an analysis of trends that could not be identified through less frequent reporting.

Form 2110-OA/CTS will display line item data on costs for the current month and cumulative costs incurred to date during the current contract year (base year 1, base year 2, option year 1, option year 2, option year 3, whichever is in effect at the time). The reports will also display line item cost data for the entire contract period to date.

4. Comparing Actual Versus Straight Line Budgeted Costs

The comparison of actual versus pro-rata budgeted expenses is in the context of the line item budget that is in place for expenses during the current contract year. The methodology required is to compute the current year expenses that are "planned" through the end of the current month via a simple straight-line proration of the approved budget for the entire current year. The proration of planned expenses **must be on the basis of days rather than months**, which is easily accomplished by any of the appropriate software packages that might be used to prepare these reports. The option to use a custom detail "internal" budget has been discontinued for purposes of budgeting O/A and/or CTS expense.

5. Displays and Evaluation of Variances.

The cost reports will identify budgetary variances by individual cost category. A line item variance is simply the difference between planned contract year to date expense (as a proration of the annual budget) and the actual contract year to date expense.

Contractors must attach a narrative explanation of cause and corrective action for any line item variance that exceeds an amount that is 5.0%, or \$2,500 whichever is more, (plus or minus) of the current year budget for that line item. An explanation is further required whenever any of the current contract year to date total Actual Expense for either O/A (line H10) or CTS (Line I10) exceeds the Planned Total Expense by an amount equating to 1%, or \$2,500 whichever is more, of the total budget for the current year.

Please note that the threshold for explaining variances is determined as a percentage of the full year's budget amount. This is contrary to intuition, which would say that the variances should be viewed in terms of planned expense to date. The purpose of the non-intuitive approach prescribed above is to lessen the narrative reporting burden relative to variances that occur in the early months of the budget year. This permits contractors an opportunity to resolve or reverse variance trends before being officially required to explain them to DOL.

Reported variances may occur for a number of reasons, including: (i) erroneous assumptions in the formulation of the budget, (ii) unforeseen events requiring greater or fewer financial resources than anticipated, (iii) poorly controlled spending, and/or (iv) internal reporting or computational errors. The identification and analysis of variances may lead to a wide range of corrective actions, including:

- Spending constraints to reduce or stabilize overruns.
- Increased spending in areas where adequate resources have not been utilized to properly provide services.
- Improvements to internal administrative control systems and the provision of training to appropriate staff.
- Budget revision request to more reasonably distribute financial resources between cost categories.
- Initiation of requests for an increase or decrease in the contract estimated cost to adjust for unforeseen cost or program changes.
- DOL decision not to award option year extension, but to re-compete the contract early.

6. Formal Budget Revisions

It is generally appropriate to accomplish a formal revision to the Form 2181-O/A or 2181-CTS line item budgets only when there is a net change in bottom line costs for either O/A expense or CTS expense. Reshuffling of funds between line items, as a means to make reported variances go away is not generally considered a useful

or legitimate practice. Form 2181-O/A and 2181-CTS line item budgets and revisions thereto must be approved by the cognizant regional office. Regional offices should refer to current internal Annual Advanced Procurement Plan (AAPP) administration guidelines to identify circumstances where prior national office clearances are needed for bottom line estimated cost changes.

7. Out-Year Estimates

As indicated in section 2 above, "2181" budgets are prepared in sets of 2, one providing a line-item budget for the current contract year and one for the next contract year. The initial "2181" budgets that are prepared upon contract award are for the first contract year and the second contract year. This pattern is maintained throughout the life cycle of the contract. For example, when the contract enters its second year, the required pair of "2181" budgets will cover the second year of the contract (which will be the "current year") and the first option year (which will be the "next year").

Whenever the current year O/A or CTS budget is being revised, it is also necessary: (1) to identify any adjustments that are of an ongoing nature (e.g., those that involve permanently deleting or adding slots), (2) to accurately calculate the impact of such changes on the next contract year, and (3) to revise the "2181" budget for the next year accordingly.

Maintaining an updated "next-year" cost estimate in this manner will provide for a smoother transition from one contract year to another and will help avoid budget related issues from developing between the Department and the contractor. It is further recommended that a copy of the current AAPP Estimated Cost Profile be transmitted to each contractor, so that the contractors will be aware of the AAPP-approved budget for the center. This will facilitate the preparation of "next year" budgets. Under normal conditions regional offices are expected to keep O/A and/or CTS contracts in agreement with their AAPP Estimated Cost Profiles.

8. General Requirements and Considerations

a. Round to Whole Dollars.

All money amounts reported on the Outreach/Arrival/Placement Financial Report and budget are to be rounded to the closest whole dollars. No cents are reported.

b. Compute to One Decimal.

Carry all percentage computations to one decimal, e.g., 17.1%, 20.0%.

c. Submittal Requirements

Reports must be entered into the Job Corps Financial Management System (FMS) by no later than the 20th of the month following the reported month.

C. COST CATEGORY DEFINITIONS

1. Overall Structure of Categories.

Because it is not unusual for individual contracts to provide for both O/A and CTS functions, the OA/CTS 2110 Cost Report has been designed to report both activities as a matter of convenience. However, the data on O/A and CTS are fully segregated on this reporting instrument. The cost category structures for O/A and CTS are parallel, and the cost category labeling and definitions are essentially the same.

2. Subcontract Expense.

The costs of subcontracts for conducting major program components or support functions under an O/A and/or CTS contract must be distributed into the standard budget line items. This particularly applies to subcontracts where subcontractor staff keep regularly scheduled hours at the O/A or CTS service delivery venues.

3. Staff Expenses

This term is used in this Appendix to refer to all salaries, wages and all associated personnel costs such as payment of earned leave upon termination, employer retirement contributions, social security taxes, life insurance, health insurance, worker's compensation insurance, etc. All direct employees of the contract as well as subcontractor employees who **perform ongoing functions of the contract**, which might otherwise be performed by contractor staff, are to be included.

4. Allocation of Split Duties

If an employee works in more than one area such as part time in O/A and part time in CTS, or a secretary is assigned to two departments, the cost must be allocated to the appropriate categories. The basis for the allocation must be documented in a **salary allocation plan** explaining the rationale for the allocation. The allocation plan must be available for review by DOL auditors. If the employee's assignment is changed, the allocation should be changed. All salary allocations should be reviewed annually to assure that the basis for allocation is still valid. **If the staff time cannot be reasonably predicted between O/A and CTS, time records must be maintained to allocate costs.**

5. Treatment of Money Received

When third party money is received by an O/A and/or CTS contractor it is most often a reimbursement of cost. Such reimbursements are recorded as reductions (credits) in the appropriate expense accounts in order to reflect true center operating expenses. One example would be: Prompt payment discounts, cash rebates and refunds are credited as a savings to the account to which the product or service was originally charged.

6. Cost Category Definitions

O/A and CTS expense are segregated and reported separately on the 2110-OA/CTS cost report. However, both O/A and CTS use parallel cost categories. Following are definitions for the categories that are used to categorize both O/A and CTS expense, respectively. The categories are discussed in the same order as they appear on the form 2110-OA/CTS. For expense items that are not specifically identified in the lists of examples, contractors may use their own good judgment to determine which cost categories apply; or they may refer the question to the Job Corps National Office for guidance.

2110-OA/CTS, PAGE 1

Line 01- Staff Expense. The cost of personnel compensation (salary, benefits, bonuses) that is directly charged to the contract. Examples of positions typically covered include:

O/A Staff

Manager/Supervisor (of O/A Coordinators and ACs)
Outreach/Admissions Coordinator
Admissions Counselor
Administrative/Secretarial/Clerical (assigned to support O/A staff)

CTS Staff

Manager/Supervisor (of CTS Counselors/Coordinators, Placers)
CTS Counselors and Coordinators
Placement Specialist
Administrative/Secretarial/Clerical (assigned to support CTS staff)

Line 02- Staff Travel/Training Expense. Includes the cost of staff travel, per diem and miscellaneous expenses in connection with work assignments that involve travel away from the work site. This category includes the types of expense listed below.

Staff Travel. Includes the cost for staff transportation, per diem and miscellaneous expenses for work assignments and training.

GSA Vehicle Mileage Expense. All GSA Vehicle mileage expense will be recorded in this line item category, but the monthly rental charge will be charges to GSA Vehicle Rental.

Staff Training and Tuition. Includes the cost of tuition and fees for staff training which has been determined to be beneficial for the operation and is job-related. (Reimbursement to staff under an employer education policy will be charged as an employee benefit to the appropriate category of personnel expense.) Also includes the cost of materials and services such as trainers, rental of facilities and equipment, supplies, printing and duplicating, and contractual support.

Other. (As determined by the contractor.)

Line 03-GSA Vehicles Rental. Includes GSA monthly/daily charges and charges for damage to vehicles. At federal centers, also includes fixed ownership rate charges for vehicles used by the center. This category does **not include** GSA mileage charges, which instead should be assigned to Line 03, staff travel and training.

Line 04- Facilities Expense. Includes all facility related expense. If the contract is part of a center contract and no costs are being charged to this contract for specific items then -0-cost will be reported. If the facility is used for both O/A and CTS activities, costs should be allocated based on number of staff FTE assigned to each function. This category includes the types of expense listed below.

Lease Cost (Rent). Includes costs for leasing space or if located at a Job Corps center the prorated charge from the center for space (if applicable).

Facilities Maintenance. Includes all charges, for contracted maintenance, including materials, labor, and all supplies including any cleaning and janitorial supplies.

Utilities. Includes the cost of all utilities paid at the facility. (I.e., natural gas; electricity; heating oil; water; and sewage.)

Other. (As determined by the contractor.)

Line 05- Equipment Expense. Includes costs for purchase of non-expendable personal property having a life expectancy of over one year, including: furniture (regardless of cost); and other durable property having a unit cost of \$50 or more.

Line 06- Media Advertising. Includes the cost of media advertising/promotion, printing, and distribution of materials pertaining to the Outreach/Admissions or CTS/Placement effort. This category includes the types of expense listed below.

Media Advertising. Includes the cost of all advertising/promotion and the preparation of materials for the programmatic effort within the contractor's area of responsibility. The term media is intended to include all forms of advertising such as newspaper, magazine, TV, radio, etc. Newspaper expense for staff help wanted advertising is not charged to this category, but should be charged to Line 09.

Printing of Materials. Includes the cost of printing of brochures, posters, and other necessary printed materials for public display or distribution to clients and client influencers.

Postage. Includes **only** the postage expense for distribution of printed materials as described above.

Other. (As determined by the contractor.)

Line 07- Indirect Administrative Expense. Includes the contractor's General and Administrative (G&A) expense at the rate specified in the contract or the current approved rate, whichever is lower. The total amount charged may not exceed the contract ceiling rate. On the form 2110-OA/CTS, G&A expense should be accrued for amounts earned on other accruals (unvouchered accounts payable) and be reported as Unvouchered Reimbursable Expenses, page 2, column (b).

Line 08- Contractor Fee. Includes cost of fees earned per terms of contract for O/A or CTS services. Included in this category are:

- Fixed Fee
- Award Fee
- Incentive Fee
- Other Fee (if needed)

The **cost of a contractor's fee** will, for each contract year, be an equal monthly proration of the Fixed Fee amount stated in the contract. If there are no contractual terms to the contrary, when the contract is in a 2-year base period, the fixed fee amount for both the first year and the second years shall be computed in a way that yields the same monthly amount.

If the contract includes both a Fixed Fee and an Award Fee and/or Incentive Fee, only the Based Fixed Fee will be charged in monthly increments. If, after each evaluation period, notice is received that the contractor has earned an Award Fee and/or Incentive Fee, the amount(s) should be recorded as cost and vouchered to the government upon receipt of a contract modification.

The Contracting Officer may determine that a fee holdback is to the advantage of the government and will accordingly modify the contract to state the amount of fee holdback, not to exceed 15% or \$20,000 whichever is less. If the contract contains a fee holdback provision, the total amount of fee earned will be recorded as expenses, but vouchering will be subject to the holdback provision. Fee will be vouchered for the maximum allowable amount (total fee less fee holdback). The holdback will be reported as Unvouchered Reimbursable Expense and will not be vouchered until the final voucher at contract closeout.

The budget will only consider Fixed Fee until Award Fee and/or Incentive Fee is earned. See discussion of budget adjustments for Award Fee and Incentive Fee in the Budget section of this Appendix. These calculations do not take into consideration fee holdback since the entire fee will be expensed.

Examples of expensing Fixed Fee follow:

Example #1

Contract newly issued with performance period of 24 months.

Total Stated Fixed/Base Fee is \$12,000.

The monthly cost is \$12,000 divided by 24 which equals \$500.

Example #2

At the beginning of the 13th month the fee is increased due to scope change to \$13,200. The computation is:

Total Fee	\$13,200
Less expensed first 12 months (12 x \$500)	-\$ 6,000
Remaining Fee	\$ 7,200
Divided by remaining months	<u> 12</u>
Monthly expense during remaining months	\$ 600

Example #3

Fee is increased by \$8,400 for the third-year. The computation is:

Total Fee (\$13,200+\$8,400)	\$21,600
Less expensed first 24 months	-\$13,200
Remaining Fee	\$ 8,400
Divided by remaining months	<u> 12</u>
Monthly expense during remaining months	\$ 700

Line 09- Other Expense. Includes all costs, associated with the O/A or CTS functions, which are not assignable to any of the above expense categories, such as:

Office Materials and Supplies. Includes the cost of general office supplies such as: paper, pencils, paper clips, rubber bands, and floppy disks.

Contracted Office Services. Includes the cost of contractual services required for office administration, such as the cost of subcontracted duplicating and printing services.

Office Equipment Rentals. Includes the rental cost of photocopying and data processing equipment

Office Equipment Maintenance. Includes cost for maintenance and repair of office equipment. Costs incurred under lease purchase agreements are considered rental costs.

Legal Services. Includes the cost of legal services acquired for the operation. Legal expenses relating to personnel matters or actions brought by employees against the contractor are corporate G&A expenses unless the contractor's approved cost accounting standards provide for classifying these expenses as a direct cost to contracts. The charging of these costs to a Federal contract is still subject to the allowability standards set forth in the applicable cost standards.

Accounting Services. Includes the cost of subcontracted accounting services acquired for the center and corporate charges for service or equipment **where corporate accounting, practices, and the indirect cost agreement, require an allocation to direct cost and the allocation of costs is in agreement with the business management proposal submitted for operation of the contract.** Since there is no specific contract requirement, audits performed by Public Accounting firms are not an allowable cost. A corporate audit, which as part of its "tests" audits a portion of a specific contract, is considered to be a corporate G&A expense.

Miscellaneous Administrative Expense. Includes the cost of miscellaneous supplies and services required in the operation such as the following:

Consumable supplies such as paper towels, toilet tissue, soap, etc.

Any miscellaneous administrative expenses outside the definitions of office supplies and services.

Packing, handling and shipping cost to transfer excess property to or from a holding facility (if applicable).

Gross receipts tax, sales tax assessments and penalties and interest charges resulting from tax assessments. When the contractor is forced to pay these costs, they should be paid "under protest."

Local Telephone Service. Includes the cost of local telephone service -- basic monthly service, equipment lease costs, any message unit charges, access charges and taxes.

Cell Phones and Pagers. Includes the cost of cell phone and pager service.

Long Distance Calls. The cost of long distance calls placed through the federal telephone system (FTS) will **not be charged to the center**, but will be charged to

DOL. Costs which should be reported on this line will be those for incoming collect long distance calls and long distance calls which, for any reason, cannot be placed through FTS.

Telephone Service Charges and Communications Equipment Rental Charges. Includes the cost of service for telephone equipment changes, repairs and the installation of additional telephones and related equipment and the cost of FAX other communications equipment rental and maintenance.

Postage. The cost of postage or expedited services such as Federal Express, and postage meter rental and maintenance.

Court Fees. The costs of obtaining court checks of applicants.

Other. As determined by the contractor.

Line 10-Total O/A or CTS Expense. Represents the total of Lines 01 through 09.

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Line 01-O/A (Outreach/Admissions) Carries forward the Line 10 O/A totals, page 1.

Note to Regions: This expense category equates to C1-Outreach, Admissions in the internal DOL AAPP/FOP financial management system.

Line 02-CTS (Career Transition Services). Carries forward the Line 10 CTS totals, page 1.

Note to Regions: This expense category equates to C2-Career Transition Services in the internal DOL AAPP/FOP financial management system.

Line 03-Student Transportation/Meal Allowances. Includes the costs of government-furnished inter-city travel (including prescribed meal allowances), such as travel associated with new enrollee arrival, government paid leaves, winter and summer breaks, transfers to other centers, travel home upon separation, and so forth. This line item does not refer to the costs of local student travel (which are considered to be center operating expense).

Note to Regions: This expense category equates to D-Transportation in the internal DOL AAPP/FOP financial management system.

Lines 04-Non-Standard Expense Category. On page 2 of the 2110-OA/CTS this line is left blank in order for contractors to write in any other additional category of expense. Expenses should be charged to a "write-in" category only if specifically funded in the contract.

CROSS-WALK FROM OLD TO NEW LINE ITEMS

The cost category structure reflected above reflects changes in the old structure. To facilitate contractor transition to the new structure, a cross-walk from the old to new cost categories is provided below. Subtotals and totals lines are not discussed, just detail lines.

OLD LINE ITEMS	CROSS-WALKED TO NEW LINE ITEMS
	O/A Expense
01 O/A Staff Expense	01 O/A Personnel Expense: collapsed into new Line 01, along with old Lines 02 and 03.
02 Bonus Expense	01 O/A Personnel Expense: collapsed into new Line 01.
03 Admin/Other Staff Expense	01 O/A Personnel Expense: collapsed into new Line 01.
04 Facilities Expense	04 Facilities Expense: no change.
05 Travel/Training Expense	Line 02 Staff/Travel Training Expense: same except GSA vehicle rental expense reported in new Line 03.
06 Media Advertising Expense	06 Media Advertising Expense: no change.
07 Contractor G&A	07 Indirect Administrative Expense: label change only.
08 Contractor Fee	08 Contractor Fee: no change.
09 Other Expense	09 Other Expense: no change except student meal expense reported in Student Transportation Expense line on page 2 of the 2110-OA/CTS.
	CTS Expense
11 Placement Staff Expense	01 CTS Personnel Expense: collapsed into new Line 01, along with old Lines 02 and 03.
12 Bonus Expense	01 CTS Personnel Expense: collapsed into new Line 01.
13 Admin/Other Staff Expense	01 CTS Personnel Expense: collapsed into new Line 01.
14 Facilities Expense	04 Facilities Expense: no change.
15 Travel/Training Expense	Line 02 Staff/Travel Training Expense: same except GSA vehicle rental expense reported in new Line 03.
16 Media Advertising Expense	06 Media Advertising Expense: no change.
17 Contractor G&A	07 Indirect Administrative Expense: label change only.
18 Contractor Fee	08 Contractor Fee: no change.
19 Other Expense	09 Other Expense: no change.
22 Furniture/Equipment Expense (OA and CTS combined)	O/A 05 and 05 CTS Equipment Expense: furniture/equipment expense must be reported separately for O/A vs CTS.
23 Pre-Conversion Cost	Deleted. No longer needed.

D. JOB CORPS OA/CTS FINANCIAL REPORT (2110-OA/CTS)**1. Purpose.**

The Job Corps Outreach/Admissions & Career Transition Services Financial Report, form ETA 2110-OA/CTS is used by contractors whose contracts provide for O/A and or CTS functions. This includes both stand alone OA/CTS contracts and center contracts that have been funded to provide O/A and/or CTS services. The report is used to provide monthly information on accrued expenses and other pertinent data necessary to analyze cost trends and cost effectiveness.

2. Originators.

These reports are prepared and submitted by organizations that have a contract to furnish Job Corps O/A and/or CTS services.

3. Time Frames.

The reports will display line item costs for the current month and cumulative costs incurred to date during the current contract year (base year, option year 1, option year 2, whichever is in effect at the time). The reports will also display cost data for the entire contract period to date.

The form 2110-OA/CTS reports must include costs for a full calendar month. However, if a contract begins on a date other than the first of the month, the first report will report costs for the period from the contract beginning through the end of the first calendar month.

If a contract year ends on a day other than the last of the month, it will be necessary to submit a form 2110-OA/CTS report for the portion of the month which ends on the final day of the contract year as well as a second form 2110-OA/CTS report for the portion of the month that falls within the next contract year. For example:

The contract year begins March 15, 2003 and ends March 14, 2004. In March 2003 the only costs to report are for the period March 15 through March 31, and a report will be submitted reflecting actual and budgeted expenses for only this period. In March 2004 two reports must be submitted.

The first report will cover the period March 1 through March 14, 2004 and the period ending date would be reported as March 14, 2004. Only the following will be reported.

Page 1. Columns (a) will report actual only for the period through March 14. All other columns will display budget and actual through March 14.

The second report for the month (for the period March 15 through March 31) will report as follows:

Page 1. Column (a) through (e) will report activity only the period March 15 through March 31.

4. Reporting After Contract Expiration

When a contract expires, the monthly reporting requirement for the contract continues until all undelivered commitments and unvouchered accounts payable are liquidated. It is necessary to submit a fully detailed report having a report period end date that coincides with the final end date of the contract. However, reports that are submitted for subsequent periods need not contain or reflect the annual budgets, the planned expense-CYTD, or the variance data that normally appear on page 1 of the 2110, columns (b), (c), (e) and (f).

If there is no financial activity in a month, only a completed Page 1 must be submitted, and should be noted "NO ACTIVITY". The "Period Ending" will always be shown as the current reporting month, not the month in which the contract expired.

After liquidation of all obligations no further reports are required on an expired contract until close out. This last report should be marked "FINAL". If there are adjustments at close out, a report must be submitted for that month reflecting any changes to costs.

5. Accrual Reporting

Costs reported on the form 2110-OA/CTS, must always be on the accrual basis, i.e., the cost of materials and services received, regardless of when the invoices are received or paid. Many costs are not normally invoiced promptly and it is therefore important that all such charges, including earned, but unpaid salaries and payroll related costs, be accrued so that reported costs include all incurred expenses.

Earned but unpaid leave will not be accrued, reported as expense, nor vouchered. Earned leave that is paid when an employee terminates will be reported as salary expense when paid and will be vouchered at that time.

6. Error Corrections

If a submitted report for a given month contains material errors, the contractor may submit a corrected report for that month, but only if the report for the succeeding month has not yet been submitted. Otherwise, any adjustments made to correct erroneous information on past reports (contract to date adjustments) **must be reflected in the current month's expenses** and the adjustment must be explained

on the Variance Exceptions/Comments section. It is not permitted to simply adjust the Contract to Date Actual totals. The total of all monthly reports (or quarterly reports for federal centers) must agree with the Contract to Date Actual. Errors are always to be avoided, of course; but it is particularly important to ensure that reports submitted for the ending dates of contract years are as free from errors as possible.

7. Contractor Vouchering Considerations

Vouchering by center contractors that have been funded for OA/CTS functions is governed by the provisions of Appendix 502. The following guidelines are therefore addressed to contractors that have stand-alone O/A and/or CTS contracts:

Vouchers submitted for payment by contractors must include only those amounts actually paid by the contractor and amounts earned by and due to the contractor (indirect administrative expense and fee). The requirement for payment of costs before vouchering are considered met if all of the following conditions exist:

- Contractor has received the material or service.
- An invoice has been received.
- The center paid or has begun processing documents for payment.

Contractors may normally submit vouchers no more often than once a month. The amounts reported as Vouchered Reimbursable Expense on the page 2 of the "2110-OA/CTS" must agree with the month-end vouchers. Other special considerations that apply to vouchering include the following:

- The amount vouchered **may not exceed the funds available** in the contract.
- All salaries and fringe benefits earned during the month, whether paid or unpaid at month end, other than unpaid leave, will be accrued and reported as expense and may be vouchered. Unpaid leave **is not** to be vouchered, accrued or reported as expense.
- GSA vehicle expense (mileage-Motor Vehicle Expense, and monthly amortization charge - GSA Vehicle Rental) charges tend to be late in billing and **both charges must be accrued and the costs reported, but not vouchered until the above stated conditions for vouchering have been met.**
- Fixed fee is vouchered and expensed as explained in the earlier description of Line No. 07. Fee holdback will apply only to those contracts that contain a clause requiring a stated percent of holdback. If a fee holdback clause is contained in the contract, the total earned fee will be reported as expense, but the voucher will be reduced by the amount of holdback.

- Prior payment requirements do not apply when the contractor is a Small Business Concern, FAR 52.216-7(c). Nonetheless, the cost of undelivered commitments is not billed, nor can accrued leave be billed.

8. Verification of Computations

Since reports are used by Job Corps both to monitor the progress of OA/CTS contracts and to accumulate needed historical data for required reporting, it is essential that all computations are checked to assure 100% accuracy before submission. Use of electronic spreadsheets or other Information Technology (IT) tools can all but eliminate simple math errors. If reports are incomplete or errors are found, contractors will be notified to resubmit.

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A. Contract Scope. If the report is for O/A and/or CTS expense that is funded under a center contract, enter the name of the center. If the report is for a stand-alone O/A and/or CTS contract, identify the geographic area covered by the contract.

B. Contractor Name. Enter the name of the contractor.

C. Report Period End Date (Month, Day, Year). Enter the last day of the calendar month for which the report is being prepared. The date will be for the current month even if the report is for an expired contract. The only exception will be for contracts which end on any day other than the last day of the month as discussed in previous section on time frame.

D. Contract Number. Enter the number of the contract for which data is being reported.

E. Latest Contract Mod #. Enter the number of the latest contract modification signed by the Contracting Officer that was effective during the reported period.

F. Contract Duration. Enter the inclusive dates of the contract performance period, consisting of the contract inception/effective date and the current contract termination date.

G. Contract Period-Current Contract Year. Enter the inclusive dates of the current contract year, consisting of the beginning date of the current contract year and the current contract termination date.

H. O/A EXPENSE (Complete Section G if contract is funded for O/A services).

Approved Budget No. Enter the number of the latest approved budget submission, ETA 2181-O/A.

I. CTS EXPENSE (Complete Section H if contract is funded for CTS services).

Approved Budget No. Enter the number of the latest approved budget submission, ETA 2181-CTS.

H and I Columnar Instructions. Following are instructions and definitions for entries Sections G and H in columns (a) through (g).

Expense Categories Column. See the Cost Category Section of this Appendix for definitions.

Current Month Actual (a). Enter in this column the actual net expenses for the current month for each expense category.

Annual Budget (b). Enter the budgeted amount for the entire contract year for each expense category as shown on the latest approved 2181 budget. If a submitted budget at the beginning of a contract has not yet been approved, the submitted budget amounts should be used since no other budget is available.

Planned-CYTD, Prorata (c). The amount entered will be the current year's straight-line budget through the end of the reported month. To calculate, divide the Annual Budget (b) by 365 or 366 in a leap year. Multiply the result by the number of calendar days that have elapsed since the beginning of the current contract year. If the current contract period is for less than a full year, divide the Annual Budget by the number of days in the contract period and multiply by the number of days that have elapsed since the beginning of the current contract period. The result will be your prorata-planned expense for the contract year to date.

Actual Expense -Contract Year to Date (d). Enter the actual net expense that has accumulated since the beginning of the current contract year. Current Month Actual is added to the Current Year to Date Actual data from the preceding month. In The first month of the contract year, this will be the same amount reported as Current Month Actual (a).

Variance (e). This is the difference between CYTD planned expense versus actual expense (computed as column c less column d). If the actual expense exceeds the budget (an overrun) show the variance in brackets (negative variance).

Variance Threshold (f). Variance thresholds (over or under) will be 5% of the Annual Budget (b) for each category of expense. In any expense category where the 5% yields less than \$2,500, the threshold should be displayed as \$2,500. The threshold for Total O/A or CTS Expense (Line 10) will be 1% of the annual budget. If any variance exceeds these limits, in any category, the cause and corrective action must be reported on Page 3 of this report.

Cumulative Expense from Inception (g). For each expense category enter the actual net expense that has accumulated since the very beginning of the contract. Current Month Actual is added to the Cumulative Expense from Inception data from the preceding month. In the very first month of the contract, this will be the same amount reported as Current Month Actual (a).

J. SIGNATURE OF AUTHORIZED CONTRACTOR REPRESENTATIVE.

The authorized person or designee signs and dates the report in this section.

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Page 2 must be fully completed for stand alone O/A and/or CTS contracts. However, for center contracts that have O/A and/or CTS funding, no entries should be made in Sections E, F, or G. Instead, this data is entered on page for of the center 2110.

A. Contract Scope. Same entry as Page 1, Block D.

B. Contractor Name. Same entry as Page 1, Block A.

C. Period End Date. Same entry as Page 1, Block E.

D. Contract Number. Same entry as Page 1, Block B.

E. NET CONTRACT ACTUAL EXPENSE-ALL CATEGORIES. This section is to be completed only for stand-alone O/A and/or CTS contracts. Following are instructions and definitions for entries in columns (a) through (d) in Section E.

Expense Categories Column. See the Cost Category Section of this Appendix for definitions. Please note that the Line 01 Line 02 are mainly carry forwards from the O/A and CTS totals entries on page 1.

Current Month (a). Enter in this column the actual net expenses for the current month for each major expense category.

Contract Year to Date (b). Enter the actual net expense that has accumulated since the beginning of the current contract year. Current Month Actual is added to the Current Year to Date Actual data from the preceding month. In the first month of the contract year, this will be the same amount reported as Current Month Actual (a).

Cumulative Through Prior Year (c). Enter the Cumulative From Inception (d) reported for the end of the prior contract year. In the first year of the contract this column will be blank.

Cumulative Expense from Inception (d). For each expense category enter the actual net expense that has accumulated since the very beginning of the contract. Current Month Actual is added to the Cumulative Expense from Inception data from the preceding month. In the very first month of the contract, this will be the same amount reported as Current Month Actual (a).

Column Totals (Line 05). Column totals for Lines 01 thru 04 in Section E are entered on Line 05.

F. CONTRACTOR OBLIGATIONS. This section is to be completed only for stand alone O/A and/or CTS contracts. This section reports the status of all contractor obligations for the full contract period to date, in relationship to contract funding and value (also referred to as “estimated cost”). The information required must be completed, as applicable for O/A expense, CTS expense, Student Transportation Expense and any other non-OA/CTS expenses that are funded in the contract. Following are instructions and definitions for entries in columns (a) through (i) in this Section F:

Vouchered Reimbursable Expenses (a). In column (a), report for each applicable expense category the total amount of all vouchers submitted to DOL for payment for the contract to date, including the voucher prepared for the reported month. Please refer to discussion of vouchering criteria in a previous section.

Unvouchered Reimbursable Expenses (b). In column (b), report for each applicable expense category the current total of all reimbursable amounts due the contractor, but not yet submitted on a voucher. Examples follow:

- Invoices paid but not included on a voucher because of early cut-off.
- Indirect Administrative Expense accrued on Unvouchered Accounts Payable accruals.
- Fee holdback, as discussed in definition of contractor fee expense category contained in previous section.
- Accounting errors that omitted items from the voucher.
- Amounts which exceed the amount of funds available in the contract as per discussion of vouchering criteria contained in previous section.

Unvouchered Accounts Payable (c). In column (c), report for each applicable expense category the current total of all accruals as per the discussion of accrual reporting contained in a previous section.

Undelivered Commitments (d). In column (d), report for each applicable expense category the current total of the value of all undelivered goods and services for which the contractor has made commitments, but has not yet received the material

or service. This is simply the total of all open purchase orders. These are firm commitments only and therefore do not include total blanket purchase orders, but do include orders placed for current delivery against such open or blanket purchase agreements. Do **not** record as commitments subcontracts and long-term equipment or facility leases.

It is essential that all commitments to each contract be shown accurately so that users of this report will receive reliable information on the status of contractor obligations. When a contract expires, only the commitments made before the expiration of the contract may be paid from that contract. Excess funding is removed from the contract by the Contracting Officer based on amounts reported as Total Contractor Obligations.

If payments are made by the contractor after the expiration of a contract for the cost of unrecorded commitments, the contractor must be able to document that the firm commitments were made prior to contract expiration. An auditor may recommend disallowance for costs where the commitment date is questionable.

Total Obligations (e). The sum of the previous four columns (a through d) represents the total obligations of the contractor.

Total Contract Funding (f). In column (f), report for each applicable expense category the current total contract funding as stated in the contract Summary of Funds Available clause, per the most recent contract modification that was effective prior to the end of the reported period.

Percent of Funding Obligated (g). To calculate, divide Total Contract Obligations, column (e) by Total Contract Funding, column (f) and express as a percent.

Contract Value (h). In column (h), report for each applicable expense category the current total contract estimated cost as stated in the contract Estimated Cost and Fixed Fee clause, per the most recent contract modification that was effective prior to the end of the reported period.

Percent of Value Obligated (i). To calculate, divide Total Obligations, column (e) by Contract Value, column (h) and express as a percent.

Percent Contract Completed (j). This entry is made in the cell below Line 04. To calculate, divide number of days from start date of contract through report period end date by the number of days from the start date of the contract through the current completion date of the contract.

G. VOUCHER DATA. This section is to be completed only for stand-alone O/A and/or CTS contracts. This section reports information that identifies any discrepancies between certain data on the 2110 report and data appearing on the voucher submitted by the contractor for the end of the same period being reported on the 2110. In the title box of this

section F, enter the contractor's identifying number of the voucher submitted for the end of the reported period and the contractor's signature date on that voucher.

Cumulative Vouchered Under this Contract, (Line 01). On Line 01, enter the contract to date total amount that has been vouchered as of the voucher identified above.

Difference with Reimbursable Expense (Line 02). On Line 02, enter any difference between the amount entered in Line 01 in this section, and the amount entered in column (a), Line 04 of Section F.

Explanations. Any differences reported on Line 02 must be explained in the space provided. Use a continuation sheet if necessary.

H. RECONCILIATION OF CONTRACT VALUE WITH EXPENSE AND PLAN DATA. This section provides for the identification of any inconsistencies between a) the official contract estimated cost for O/A and/or CTS expense and b) data contained in the 2110 report. Following are instructions and definitions for entries in this Section H:

Line 01 - Cumulative Cost thru Prior Year. For O/A expense, enter the same amount shown for O/A in Section E, column (c). For CTS expense, enter the same amount shown for CTS in Section E, column (c).

Line 02 - Annual Budget for Current Year. From page enter; enter O/A and CTS totals that are contained in column (b).

Line 03 - Implied Contract Value. Calculated as the sum of entries in preceding Lines 01 and 02. In the framework of data contained in the 2110, these are the expected cumulative O/A and CTS expenditures through the current contract completion date.

Line 04 - Contract Value per Latest Mod. This is the total current estimated costs for O/A expense and CTS expense as stated in the contract Estimated Cost clause for the full contract period as per the latest contract modification.

Line 05 - Variance (Line 03 less Line 04). This is the variance between the official contract estimated costs for O/A and CTS expense and the cumulative spending targets reflected in the 2110 report. Variances greater than \$1,000 need to be reconciled either by revising the 2181 budgets for the current contract year or by seeking a contract modification to amend to estimated cost.

I. PLANNED CONTRACT YEAR WORKLOAD AND ACTUAL WORKLOAD TO DATE.

Percent of Year Completed. This is computed as days elapsed from start of current contract year through the end date of the report period divided by the number of days in the contract year (normally 365), and expressed as a percentage.

O/A Goals and Performance

Contract Year Arrival Goal. Enter the contractual goal for arrivals this contract year.

Actual Arrivals to Date. Enter the number of arrivals achieved in this contract year thru the end of the reporting period. Also express as a percent of the annual goal.

CTS Workload - Planned/Actual

Contract Year Plan - New Assignees. For both graduates and former enrollees, enter the contractual workload in terms of new individuals who will be assigned to the contractor for CTS services during the contract year.

Actual New Assignees to Date. Enter the number of new graduates and former enrollees who have been assigned to the contractor for CTS services since the start of the current contract year through the end date of the reporting period. Also express as percentages of the annual assignee workloads.

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- A. CONTRACT SCOPE. Same entry as Page 1, Block A.
- B. CONTRACTOR NAME. Same entry as Page 1, Block B.
- C. PERIOD ENDING (Date). Same entry as Page 1, Block C.
- D. CONTRACT NO. Same entry as Page 1, Block D.

VARIANCE EXCEPTIONS/CONCERNS.

This section will be a valuable tool for center staff in managing financial resources and for Job Corps in monitoring financial performance and serves two purposes:

1. This section serves as a vehicle for identifying and explaining causes and corrective actions for those line items that exceed allowable limits contract year to date. Any Variances Amount, reported in column (e) on Page 1, exceeding the Allowable Variance Amount, reported in column (f) on Page 1, must be explained and corrective action detailed.

The cause of most exceptions, and the necessary corrective action can rarely be determined solely by the finance department of the center. The Cause and Action should usually be supplied by the appropriate program managers. Explanations should be as short as possible, but must adequately and reasonably explain the cause of the problem and action to be taken.

The explanations should be clearly stated so that they can be understood by a reviewer not aware of specific conditions at the center. If the variance is the result of more than one cause or the result of an error, the amount(s) involved should be detailed. Explanations must not simply be repeated from month to month if the cause, or part of the cause, is changed. Actions must be reviewed to see if they are having the desired effect. If not, they should be examined to see if they are ineffective, inappropriate or not being followed. Actions not having the desired effect will be questioned by reviewers. If no action is possible, it should be so noted. If more than one page is needed, note next to Page 3 "1 of 2" or "2 of 3" as appropriate.

2. This section serves as a vehicle for identifying and explaining causes and corrective actions to be taken for those monthly line items which report costs that appear to be unusually high or low compared to historical monthly costs. There is no set threshold to require an entry in this section, but reviewers will question unusual appearing expenses. Supplying explanations at the time the unusual appearing costs are reported will reduce the amount of effort required to respond at a later date. All monthly negative costs must be explained.

This section should be used by the center to comment on fiscal problems that the center has, or expects to have, which the contractor thinks should be brought to the attention of the Job Corps Regional Office or National Office. This section will be a valuable tool for contractor staff in managing financial resources and for Job Corps in monitoring financial performance.

EXCEPTION/CONCERN CATEGORY (1).

Identify each line item category for which explanation is required or comment is desired, e.g., personnel expense, facility expense, media expense, etc. Also enter the line number.

VARIANCE AMOUNT(2).

This column will only be used when explaining a variance that exceeds allowable limits. Enter the total amount of the variance, not the amount that the variance exceeds the allowable limit. If the variance is negative (expense exceeds budget) the dollar amount is bracketed.

CAUSE OF EXCEPTION/CONCERN (3).

Explain the cause of the variance exception or concern and its present and future impact on contract costs and program performance. Be as brief as possible, but adequately explain the problem. Do not refer a reader to any past reports, except the preceding month, for explanations.

CORRECTIVE ACTION (4).

Explain the action that has been taken or is planned to be taken to correct the problem. Be as brief as possible, but adequately explain the corrective action. Do not refer a reader to any past reports, except the preceding month, for explanations.

E. JOB CORPS O/A and CTS BUDGETS (2181-O/A, 2181-CTS)

1. Scope

This section applies to O/A and CTS cost reimbursable contracts. This also includes center operations contracts that have been funded for O/A and/or CTS activities.

2. Purpose

Section D provides instructions for the development and presentation of line item budgets of O/A expense and for CTS expense. Line item budgets are needed for each year that a contract is in place, including option years. The guidelines in Section D cover the initial development of line item budgets as well as procedures for their subsequent revision. The line item budgets are intended to facilitate financial management and control by providing a detailed break out of both O/A and CTS costs that are summarized in the estimated cost clause of the contract.

3. Overview of Requirements

a. Formats

Forms ETA 2181-O/A and 2181-CTS are used to display the line item budgets as approved by the regional office, for the current contract year and for each future year that remains in the contract, including option years. These forms are also used by contractors to propose budget revisions to the regional office. The 2181-O/A is used for outreach and admissions expense, and the 2181-CTS is used for career transition services expense. The two forms are structured exactly the same and the definitions and instructions are essentially the same.

b. Time Frames

Center contracts and stand alone O/A and/or CTS contracts normally have an initial, base periods of 1 or 2 years followed by a number of option year extensions that will provide for a maximum duration of 5 years. The two main patterns are as follows:

Base Year 1 = Contract Yr 1	Base Year 1 = Contract Yr 1
Base Year 2 = Contract Yr 2	Option Year 1 = Contract Yr 2
Option Year 1 = Contract Yr 3	Option Year 2 = Contract Yr 3
Option Year 2 = Contract Yr 4	Option Year 3 = Contract Yr 4
Option Year 3 = Contract Yr 5	Option Year 4 = Contract Yr 5

c. Current Year Line Item Budgets

An approved line item budget (2181-O/A and/or 2181-CTS) must be in place for the current contract year. Data from the approved 2181(s) covering the current year of the contract is used when preparing the Form ETA 2110-OA/CTS cost reports during that year of the contract.

It should be noted that the 2181 does not call for the display of "historical" cost data on a line item basis. The intent is to focus attention primarily on the current year.

However, it is necessary to account for prior years' spending on a bottom line basis within the 2181 in order to provide reconciliation of data between the 2181 and the estimated cost clause in the contract.

d. Next Year Estimates

Form 2181 is also used to maintain an updated "next-year" line item budget for the next contract year that remains in the contract. This is to ensure that an agreed-to 2181 budget is in place immediately at the start of the next contract year. Whenever the current year budget is being revised, it is further necessary: (1) to identify any adjustments that are of an ongoing nature (e.g., permanently deleting or adding slots), (2) to accurately calculate the impact of such changes on the operating budget for the next contract year, (3) to revise the form 2181 next-year line item budget for the next contract year accordingly.

e. Estimated Cost Clause

The budgetary information on the approved form 2181 that is in place for the current year must be kept in agreement with the amounts shown for center operating costs within the estimated cost clause of the contract. If a contract modification is issued that changes (up or down) the total center operating cost, a revised set of forms 2181 (current year plus the form 2181 for the next contract year) should be prepared and approved simultaneous to the contract modification. Conversely, if the regional office approves a change in the 2181 that affects the cumulative amount of center operating costs, then a simultaneous contract modification to revise the estimated cost clause is also needed.

f. AAPP/FOP Considerations

The acronym AAPP/FOP stands for Annual Advance Procurement Plan/Financial Operating Plan and refers to the internal system of the DOL-Office of Job Corps for planning and controlling the allocation of budgetary resources. Regional offices must adhere to current internal guidelines when reviewing and considering budget increases on O/A and/or CTS contracts and formally approve only those that are within AAPP/FOP levels. If a proposed current year or Out-year increase is in excess of the AAPP/FOP levels that have been established for the contract, the

region must request and obtain the appropriate AAPP/FOP adjustment from the national office before the increase can be approved.

g. Underrun Rollovers.

At the end of a contract year, if a net cost underrun is reported, the regional office may approve the contractor's retention of the underrun amount by rolling it over and adding it to the operating budget for the next contract year. Regional office "roll over" approval authority is limited to an amount equating to 5% of the annual operating budget for the year just ended or \$100,000, whichever is less.

4. When Submittals Are Needed

a. Initial Submittals-Contract Year 1

The contractor must submit initial 2181 budgets to the regional office within 10 days after the effective date of the contract. The initial submittal must include a form 2181 (for O/A and/or CTS, as appropriate) for the first year and another for the second year of the contract. If these initial 2181s are in exact accord with the line-item amounts in the contractor's best and final cost proposal, the budgeted amounts in the contractor's submittal should be entered under the "REVISED" column, with no entries needed under the "PRIOR" or "ADJUSTMENTS" columns. If the contractor is proposing initial budgets that reflect differences from its best and final cost proposal, then the 2181s should be prepared to display the cost proposal budgets under the "PRIOR" column, the line-item changes to the cost proposal in the "ADJUSTMENTS" column, and the resulting new line-item totals in the "REVISED" column. The dollar adjustments must be explained in narrative back up.

Unless extensive follow up or national office authorizations are required, the regional office should normally approve the initial 2181 budgets within 2 weeks after receipt from the contractor. The regional office and the contractor should schedule this process to ensure that an approved 2181 budget is available in time for use in the first monthly cost report. At the outside, the approved 2181 budget must be available to the contractor by the 15th day of the second calendar month of contract year 1.

b. Year End Close Out and Reconciliation

The following discussion is in the framework of closing out the first contract year. However, the same pattern of events and time frames apply at the close of each contract year except the very last year.

Soon after the end of contract year 1, the contractor must submit a set of proposed new 2181 budgets in which year 2 becomes the "current year" and year 3 (normally the first option year) becomes the "next year". The contractor's proposed new 2181 budgets are due in the regional office within 30 days after the start of year 2. This

schedule allows 10 days developmental time between the due date of the final cost report for contract year 1 and the submittal of the proposed new 2181 budget to the regional office. Regional offices are expected to respond to the contractor with approved 2181 budgets within 2 weeks after receipt of the proposals.

As part of this process, the proposed new 2181s must address and reconcile the variances between actual and budgeted expense that existed at the end of contract year. The types of issues that tend to arise during this process are as follows:

- If actual bottom line spending fell below the year 1 budget, is there a reasonable basis for rolling over the unspent funds and adding them to various line items in the new 2181 budget for year 2? Or should some or all of the unspent funds from year 1 be deleted from the contract via a net reduction in the estimated cost clause?
- If actual bottom line spending exceeded the total amount budgeted for year 1, should the new 2181 budget for year 2 be reduced to offset the overspending in year 1 and thus eliminate the need to request an increase in the contract estimated cost? Or should a net increase in the estimated cost of the contract be requested in order to avoid programmatic disruptions that could result from absorbing a year 1 overrun with cuts in year 2?
- Do the line item variances that exist at the close of year 1 (up or down) represent one-time occurrences or do they represent changes in the underlying ongoing costs for operating the Job Corps center? If the variances indicate changes in the underlying costs, the new 2181 that is being proposed for year 2 must also reflect appropriate changes in the “next year” budget that is provided for year 3.

Unless extensive follow up or national office authorizations are required, the regional office should normally approve the reconciled year 2 budget within 2 weeks after receipt of the contractor's proposal. The regional office and the contractor should schedule this process to ensure that an approved 2181 budget is available in time for use in the first monthly cost report due for year 2. At the outside, the reconciled 2181 budget for year 2, along with any necessary contract modification in the estimated cost clause, must be available to the contractor by the 20th day of the second calendar month of contract year 2.

c. Option Year Extensions

When a regional office determines to issue an option year extension, the normal practice prior to the start of the option year is for the regional office to issue a contract modification that increases the estimated cost for operating expenses in the amount of the approved “next year” 2181 budget(s) on file for the “new year”. The regional office must further ensure that any estimated cost increase is within the limits of the AAPP/FOP.

Differences between actual and approved spending that exist at the end of the prior contract year may have an impact on the budget for the new year as well as the official estimated cost of the contract. The issues and questions that must be addressed are the same as those discussed above for the reconciliation at the end of contract year 1 and may result in a contract modification to revise or “fine-tune” the estimated cost for O/A and/or CTS expense.

d. Midyear Revisions

Midyear revisions of the line item budget are normally processed only when there is a need to change the bottom line of the current year budget. Contractors are not encouraged to propose formal revisions of 2181 budgets merely to shift amounts between line items in order to minimize apparent "variances", although such proposals will be entertained by regional offices if good reasons are offered. Requests for midyear revisions should be developed using the form 2181 (and appropriate back-up) and should normally be limited to the following situations:

(1) When there is a pending contract modification approved and funded by the national office for a programmatic change, such as the provision of funds for installing new staff training initiatives. In these situations, the contractor will normally be requested by the regional office to prepare and submit a budget revision proposal that distributes the prescribed funds to the appropriate line items.

(2) When there has been or will be an unavoidable bottom-line variance of material proportion that cannot or should not be totally resolved through changes in spending patterns during the remaining months of the current contract year and which must clearly be accommodated with an adjustment in the bottom line of the budget for the current year.

(3) In line with procedures for the treatment of fee as discussed in a later paragraph, a midyear revision to the form 2181 is required when award or incentive fees are earned and formally added to the estimated cost of the contract.

Regional offices should respond promptly to contractors' requests for midyear budget revisions. Unless extensive follow up is required, the regional office should resolve these requests within two weeks after receipt of the contractor's proposal.

The regional office must ensure, however, that any estimated cost increase is within the limits of the AAPP/FOP established by the national office.

5. Packaging of Budget Submittals.

- a. For contracts that are funded for both O/A and CTS functions, two separate sets of 2181s must be maintained independently, each with its own

sequential numbering series. The set for O/A expense is maintained using the 2181-O/A; and the set for CTS is maintained using the 2181-CTS.

- b. **Form 2181s** are used in sets of two to display a contract's **regionally approved** line item budget for the current contract year, as well as the "pre-approved" budget for the next available contract year.
- c. As the contract progresses, 2181s are not needed for "prior" years.
- d. The **form 2181** is also used by contractors to propose adjustments in current year and next-year budgets, including contractor submittals needed for year-end reconciliations. When used for this purpose, the forms are also submitted in sets of two, one for the new "current" contract year and one for the next available contract year. Proposed line item adjustments must be substantiated by the contractor with adequately detailed back-up explanations and computations, normally provided in the form of attachments.
- e. When the **form 2181** is used by contractors to propose adjustments in the existing budgets, appropriate entries must be made under all three columns (PRIOR BUDGET, ADJUSTMENTS and REVISED), including in Lines 11 and 12. Only one "PENDING" budget may be in play at a given time. If a contractor wishes to propose additional revisions while a proposed budget is still pending approval in the regional office, then the earlier pending budget should be withdrawn and replaced with a new proposed **form 2181**.
- f. When a contractor submits proposed 2181 budget adjustments, the regional office may approve them as proposed or with changes. In providing the contractor with the new approved budget, the regional office should mark and annotate any such changes on the contractor's proposal or otherwise append to the contractor's proposal the bases and computations for the changes.

6. Maintenance of Budget Records

Contractors and regional offices must maintain an accurate and complete record of the form 2181 budgets that have been approved for each contract. These records should be maintained as an adjunct to the official contract file and include, in sequence, all 2181 budgets that have been approved under the contract, along with the revision proposals and back-up submitted by the contractor.

7. Detailed Instructions

Detailed instructions can be found on the FMS website: inside JCWAN: <http://fms.jcdcnet.org>, or outside JCWAN: <https://fms.jobcorps.org>

2181-O/A, 2181-CTS: DEFINITION OF DATA ELEMENTS

Form 2181-O/A and 2181-CTS budgets are prepared and approved in sets, consisting of a form 2181 for the current year and an additional form 2181 for each future year that remains in the contract. Following are brief descriptions of the elements of information entered on the form 2181.

HEADING INFORMATION

Contract Scope. If the budget is for O/A and/or CTS expense that is funded under a center contract, enter the name of the center. If the budget is for a stand alone O/A and/or CTS contract, identify the geographic area covered by the contract.

Contract No. Enter the number of the contract for which data is being reported.

Contractor Name. Enter the name of the contractor as it appears on the contract.

Budget Number. The initial pair of forms 2181 for the 1st and 2nd contract years are numbered "1" and all later pairs of **approved** 2181's are to be numbered sequentially as they are approved by the regional office. The same number is given to both the current year and next-year 2181's in a given pair. For example, the pair of 2181s for budget number "1" will include a number 1 budget for the first contract year and a number 1 budget for contract year 2.

Approved or Pending. If the budget has been approved by the regional office, enter **Approved**. If the budget is a proposal that is still pending regional approval, enter **Pending**.

Contract Year Number. Under normal circumstances, enter 1-5, whichever applies to the contract year covered by this form 2181. If the budget covers a post-year 5 contract extension, enter "6".

Ending. Enter the ending date of the contract year identified (mm/dd/yyyy).

BUDGET INFORMATION-CURRENT CONTRACT YEAR

There are two sections, an upper section for the current year budget and a lower section for the next year budget.

Column Headings.

Prior Budget. This column is used to display the last previous approved budget for the particular contract year. For example, if the form is used for proposed budget number 8, then the "PRIOR BUDGET" column will display the "REVISED BUDGET" from approved budget number 7.

Adjustments. This column is used to enter the adjustments being requested or approved, depending on the purpose of the form.

Revised Budget. This column is used to display the revised budget that results from the approved adjustments. The entries under this column are the sums of the entries made under PRIOR BUDGET and ADJUSTMENTS.

Row Headings.

Lines 01 - 09: O/A and CTS Expenses Sub-Categories. See earlier section of this Appendix for definitions of cost categories.

Line 10: Total O/A or CTS Expense. Totals of Lines 01 through 09.

Note: Lines 11 and 12 are intended to reconcile to the Estimated Cost Clause in the contract. These lines therefore apply only to the 2181 that is prepared for the current contract year. However, if the current year is contract year 1 in a contract that has a 2-year base period, then Lines 11 and 12 should be completed in the NEXT YEAR section.

Line 11: Prior Year Cumulative.

When current year is contract year 1: Make no entry in the current year section. If the contract has a 2-year base period, then transfer down to Line 11 in the next-year section (in all columns) the amounts from Line 10 in the current year section.

When current year is other than contract year 1: In the current year section, enter the actual cost reported in O/A or CTS (whichever applies) through the completion date of the preceding contract year. This entry is generally subject to ADJUSTMENT only in connection with year-end reconciliations. In the year-end reconciliation exercise, the entry on Line 11 for PRIOR BUDGET is made by bringing in from the last approved 2181 that was in place for the preceding year the amount that is displayed for "implied contract value" (Line 12) under the REVISED BUDGET column. The entry under the ADJUSTMENTS column will be the reverse of the bottom line variance that is reported in the final cost report for the preceding contract year. A net under-run at the end of the prior year will yield a negative entry; an overrun will yield a positive entry. The entry under REVISED BUDGET will be the actual cumulative costs reported through the close of the prior contract year.

Line 12: Implied Contract Value:

When the contract is still in year 1 of a 2-year base period. Make no entries on Line 12. Instead, drop down and complete the information in the Next Year Section.

Under all other circumstances. Under each column in the Current Year Section, enter the sum of the entries made in Lines 10 and 11.

Reconciliation to Current Estimated Cost. In spaces provided, enter the current estimated cost of the contract for O/A expense or CTS expense (whichever is appropriate) and the current contract modification number. The amount entered for “Implied Estimated Cost Change” should be REVISED BUDGET, Line 12 minus “Current Estimated Cost”. If the result is not zero, then there is disagreement between the contract and the 2181. If disagreement exists, it is implied that action is needed to either develop a new 2181 or to modify the estimated cost, whichever is appropriate under the circumstances.

When current year is contract year 1: Make no entry on the CURRENT YEAR 2181 for contract year 1. Instead, make appropriate entries in the NEXT YEAR 2181 for contract year 2.

CONTRACTOR SUBMITTAL BLOCK

This block is used for signature and name of authorized contractor representative who is submitting a proposed new 2181 to the Contracting Officer.

REGIONAL OFFICE APPROVAL BLOCK

This block is used by regional offices to signify approval of initial budgets and subsequent proposed budgets.