# APPENDIX 503

## JOB CORPS OUTREACH/ADMISSIONS AND CAREER TRANSITION SERVICES COST REPORTING AND BUDGETING REQUIREMENTS

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## A. INTRODUCTION

### 1. Scope

This appendix contains instructions and requirements for cost reporting and budgeting under Job Corps Outreach/Admissions (OA) expense and Career Transition Services (CTS) contracts. This appendix is applicable to Job Corps contract centers that are expressly funded to perform OA and/or CTS functions, as well as to stand-alone contracts for the performance of OA and/or CTS functions. This appendix is not applicable to CCCs that are funded for OA or CTS. CCC agencies that are funded for OA and/or CTS activities are referred instead to Appendix 509 for guidance on cost reporting and budgeting.

This appendix is not intended to supersede the proposal development requirements prescribed in the OA and/or CTS Request for Proposal (RFP). However, the cost categories established in this appendix will be incorporated into the OA and/or CTS RFP's. The requirements of this Appendix become applicable after award of an OA/CTS contract and are intended to cover: (i) the reporting of actual costs, (ii) the process for revising the contractually approved budget, and (iii) the process for refining and reconciling the contract budget upon issuance of annual extensions.

### 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 OA 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.

## 2. Initial Budget Formulation

The initial budget is normally formulated during the procurement process through which the contract is awarded. The approved budget for OA and/or CTS expense 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 OA expense always be backed up by a current line-item budget that is prepared using the Form 2181-OA, and that the contractor'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 final year of a contract, 2181 budgets are normally 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.

If a contract is in the first year of a three-year base period, it is necessary to have an additional 2181 budget in place to cover the third contract year. This is to ensure that 2181's are in place for the full initial performance period of the contract.

## 3. Reporting of Actual Expenses

Contractors are required to report actual expenses on a monthly basis. For contractor financial management and Job Corps monitoring, 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 (year 1, year 2, year 3, etc., 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 Expense Versus Expected Expense

The 2110-OA and the 2110-CTS that is generated by the JCDC-FMS based on contractor input provides a comparison of actual expense versus expected expense. This comparison is in the context of the line-item budget that is in place during the Current Contract Year. The methodology is to compute the Current Year expenses that are "planned" through the end of the current month via a simple straight-line pro-ration of the approved budget for the entire Current Year. The pro-ration of planned expenses is done on the basis of days rather than months.

**5. Display 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 pro-ration of the contract-year 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 more (plus or minus) of the Current Year budget for that line item, or 1% of the total OA or CTS budget for the Current Contract Year (whichever is the higher). To illustrate: if the contract year OA budget for a particular line item is $20,000, the first alternative variance threshold is $20,000 x 5% = $1,000. If the total OA budget for the contract year is $200,000, the second alternative variance threshold is $200,000 x 1% = $2,000. Since $2,000 is the higher of the two dollar amounts, then $2,000 is used as the variance threshold for the budget line item in question instead of $1,000.

An explanation is further required whenever the Current Contract Year to date total Actual Expense for either OA or CTS exceeds the Planned Total Expense by an amount equating to 2% of the total budget for OA or CTS, whichever is applicable, for the Current Contract Year.

Please note that the threshold for explaining variances is determined as a percentage of the full contract year 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 2181-OA or 2181-CTS line-item budgets only when there is: (i) a need to change the net amount for either OA expense or CTS expense in the estimated cost clause of the contract and the change affects the Current Contract Year; or (ii) a realignment of existing line item amounts is clearly needed to resolve a gross misallocation of costs. However, frequent reshuffling of funds between line items as a means to eliminate reportable variances is not generally considered a useful or legitimate practice. The 2181-OA 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. Next-Year Estimates

As indicated in section 2 above, 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. Except for the final year of the contract, 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 third contract year (which will be the "next year").

If a contract is initially awarded with a three-year base period, it will also be necessary for the contractor to maintain a "base year 3" budget, but only during the first contract year. After the first contract year has been completed, the contract returns to the normal pattern, in which the requirement is only for the maintenance of "current year" and "next year" 2181's. This is discussed more fully in the later section that provides detailed requirements for 2181 Budgets.

Whenever the current year OA 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 OA or CTS workload), (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. The current AAPP Estimated Cost Profile, which is available for viewing and downloading by the contractor via the JCDC-FMS, will facilitate the preparation of "next year" budgets. Under normal conditions Regional Offices are expected to keep OA and/or CTS contracts in agreement with the AAPP Estimated Cost Profiles. Questions or concerns about dollar amounts that are contained in AAPP Estimated Cost Profiles may be referred to Job Corps National

Office financial staff. In certain situations it will be necessary for the contractor to maintain a "base year 3" budget. This is discussed more fully in the later section that provides detailed requirements for 2181 Contract Center Operations Budgets.

**8. Integration of Financial Management Systems**

The requirements and procedures of this Appendix have been designed in a way that is intended to ensure or promote consistency of data across different aspects of OA/CTS financial management: DOL/Job Corps allocation of funds for OA/CTS contracts; contractual documents concerning cost and funding; line-item budgeting; monthly cost reporting; and contractor vouchering for payments.

**a. Job Corps Fund Allocation System (JFAS).**

JFAS is a web-based in-house IT application that is used by DOL/Job Corps to control the allocation of funds to OA/CTS contracts and other contracts and activities that support the delivery of services to Job Corps students. It is DOL policy to share various types of JFAS reports and documents with OA/CTS contractors.

The JFAS reports and data sheets that are available to contractors include: the Estimated Cost Profile, the Fiscal Plan, the FOP Allocations Report, the Contract Footprint Report, and the Payments Transaction Report. These reports will help contractors to prepare and plan for future modifications that are scheduled for their contracts (including modifications for incremental contract funding) and also to facilitate the identification of discrepancies and pending issues that require follow-up action.

Pending the development of an IT application that will provide contractors with direct access to their respective JFAS reports and documents, Job Corps Regional Offices are required to provide contractors with copies of these reports (which are normally available in PDF format) on a timely basis upon request. Please note, however, that DOL does not share one contractor's reports with any other contractor. If a Job Corps Regional Office is not able to fulfill its responsibility in this area, a contractor may instead request the DOL Job Corps National Office to supply copies of its JFAS reports and documents.

**b. Contract Award and Maintenance.**

Contract award and modification documents are currently maintained and executed in ink-signed hard-copy form. These documents contain information about agreed-to contract costs and DOL/Job Corps funding that is available for payment to the contractor. Many items of information in these hard-copy documents must be abstracted and entered into the Job Corps FMS.

**c. Job Corps Financial Management System (FMS)**

OA/CTS contractors fulfill most of their financial reporting and budgeting responsibilities using the Job Corps FMS, which is a web-based IT application administered by the Job Corps Data Center (JCDC). The FMS is used to prepare and submit 2110-OA/CTS cost reports, 2110S-OA/CTS monthly staff vacancy and separation reports, and 2181-OA/CTS budgets, The FMS is also used to enter key elements of financial data that are abstracted from contract documents and from Job Corps contract vouchers. Data entry procedures can be found on the JCDC website and in training and orientation materials that have been published by JCDC. The FMS is a secure IT system, with access being controlled by user names and passwords.

**d. Vouchering.**

The great majority of OA/CTS contractors receive payment from DOL on the basis of hard-copy vouchers and back-up sheets that are submitted to DOL/Job Corps on a semi-monthly schedule. (A small number of governmental and non-profit contractors are eligible to be paid via electronic draw-downs.) Some data items from vouchers must be abstracted and entered into the Job Corps FMS.

## C. COST CATEGORY DEFINITIONS

### 1. Overall Structure of Categories

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

### 2. Subcontract Expense

The costs of subcontracts issued by OA/CTS contractors are classified differently depending on the characteristics of the subcontract. For purposes of Job Corps cost classification, subcontracts fall into two different and mutually exclusive categories: Staffing Subcontract; and Non-Staffing Subcontract. Following are definitions and criteria for determining the category that applies to a particular subcontract, along with the cost allocation policies that apply to that category.

**a. Staffing Subcontract.**

This category applies to any subcontract that provides one or more staff persons who are employed to perform duties under the OA/CTS contract on a full-time basis or any subcontract that provides a number of part-time staff persons who are employed to perform duties under the OA/CTS contract and whose scheduled hours of work in connection with these duties collectively represent one or more full-time positions (FTPs). The cost allocation policies that apply to subcontracts in this category are as follows:

- Subcontractor Personnel Expense. The cost of compensation (salaries/wages and benefits) which the subcontractor pays to its staff who work at the center shall be allocated to the OA Personnel Expense category and/or the CTS Personnel Expense category, as appropriate.
- Other Direct Subcontractor Expense. The direct costs of the subcontractor that are for non-personnel items shall be reported in the appropriate non-personnel line item(s).
- Subcontractor Indirect Expense (Overhead/G&A). The subcontractor's overhead and G&A expense shall be reported on Line 8 (OA and/or CTS as appropriate) – Other Operating Expense. Do NOT report these costs on Line 5 – which is used exclusively to report the prime contractor's Overhead/G&A expense.
- Subcontractor Fee. If the terms of the prime contract expressly designate the subcontract as a MAJOR STAFFING SUBCONTRACT and require that the subcontractor fee be paid from a fee pool that is shared with the prime contractor, then subcontractor fee expense shall be reported on Lines 6 and 7 (OA and/or CTS, as appropriate), combined with fees that are received by the prime contractor. If the terms of the prime contract DO NOT require such fee pooling for the subcontract in question, then subcontractor fee shall be reported on Line 8 (OA and/or CTS as appropriate) – Other Operating Expense.
- Reference to Contractor's Proposal. In some cases, expenses might not be currently detailed on the subcontractor's invoice because the service is being provided at a fixed price or fixed unit price (e.g., meals served, billable labor hours). In these types of cases, adequate detail can usually be obtained from the subcontractor's proposal as a means to formulate the required break out of total expense into the line items identified above. If detail is not provided in the proposal, then supplementary information should be obtained from the subcontractor.

**b. Non-Staffing Subcontract.**

This category applies to any subcontract that does not qualify as a Staffing Subcontract. Non-staffing subcontracts include those that are solely for the procurement of supplies, equipment, commodities, IT/technical support services, medial outreach services, other intermittent services, and so forth. The costs of a Non-Staffing subcontract are most often allocated to a single budget line item within the OA and/or CTS categories. For example, the entire costs of a media outreach subcontract would be assigned to Line 4 – Media Advertising Expense.

**3. Personnel Expenses**

This term is used in this appendix to refer to all salaries, wages, and all other associated personnel costs borne by the employer such as performance bonuses, earned leave upon termination, retirement contributions, Social Security taxes, life insurance premiums, health insurance premiums, worker's compensation insurance, etc. All direct employees of the contract as well as employees of Staffing Subcontractors (as defined in the preceding section) are to be included.

**4. Allocation of Split Duties**

If an employee works in more than one area, such as part time in OA 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. 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 OA and CTS, time records must be maintained to allocate costs.

**5. Treatment of Money Received**

When third-party money is received by an OA and/or CTS contractor, it is most often a reimbursement or refund of cost previously incurred. Such reimbursements and refunds are recorded as reductions (credits) in the appropriate expense accounts in order to reflect true operating expenses. For example, prompt payment discounts, cash rebates, and refunds are credited as a savings to the account to which the product or service was originally charged. In some cases, money received by the contractor cannot be credited as a reduction to a specific expense account. In these cases, the money received will be classified as net income to the contract within Line 8 – Other Operating Expense (OA and/or CTS, as appropriate).

**6. Cost Category Definitions**

OA and CTS expense are segregated and reported separately on the 2110-OA/CTS cost report. However, both OA and CTS use parallel cost categories. Following are definitions for the categories that are used to categorize both OA 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.

**a. 2110-OA/CTS, Page 1**

<u>Line 1 - Personnel Expense</u>. The cost of personnel compensation (salary, benefits, bonuses) that is directly charged to the contract. Examples of positions typically covered include:

<u>OA Staff</u>

Manager/Supervision (of OA Coordinators and ACs)
Outreach/Admissions Coordinator
Admissions Counselor
Administrative/Secretarial/Clerical (assigned to support OA staff)

<u>CTS Staff</u>
Manager/Supervision (of CTS Counselors/Coordinators, Placers)
CTS Counselors and Coordinators
Placement Specialist
Administrative/Secretarial/Clerical (assigned to support CTS staff)

<u>Line 2 - Staff Travel/Training Expense</u>. 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.

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

<u>GSA Vehicle Mileage Expense</u>. All GSA Vehicle mileage expense will be recorded in this line-item category, <u>but the monthly rental charge will be charged to GSA Vehicle Rental</u>.

<u>Staff Training and Tuition</u>. Includes the cost of tuition and fees for staff training that 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.

<u>Other</u>. (As determined by the contractor.)

<u>Line 3 - Facilities Expense</u>. This category includes all types of facility expense, including those listed below.

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

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

<u>Utilities</u>. Includes the cost of all utilities paid at the facility (i.e., natural gas, electricity/ heating oil, water, and sewage).

<u>Other</u>. (As determined by the contractor.)

**Note:** If the OA and/or CTS facility expense being reported are incurred under the umbrella of a center operations contract and if the facility related expenses of the OA and/or CTS activities cannot be directly determined (via separate utilities metering, separate facility leases, etc.), the facility costs should be allocated pro-rata based on number of full-time equivalent (FTE) staff assigned to each function (Center Operations, OA, CTS).

Line 4 - 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/promotions 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 instead.

Printing of Materials. Includes the cost of printing 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 5 - Indirect Administrative Expense. This line 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 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, Section F, column (b).

**Note Concerning Indirect Cost Base**: It is DOL's preference that the base that is used to compute indirect costs consist NOT of total direct cost (TDC) but instead be comprised of a narrower base that is limited to Total OA/CTS Operating Expense net of indirect cost and fee. This would also exclude Equipment and GSA Vehicle Rental expense from the base. In effect, the recommended base for determining Line 5 Indirect Costs consists of the combined amounts for Lines 1, 2, 3, 4 and 8. This is to ensure consistency with the practices that are normally in force with respect to center operations contracts and to avoid indirect costs amounts that are skewed due to the tendency for "cost spikes or lumpiness" in pass-through allocations for equipment/furniture purchases. Contractors are expected to use this narrower base, if at all possible, in the indirect cost proposals that they submit to their cognizant agency (which is most often DOL). Exceptions will be allowed if it is not feasible for a contractor to utilize this narrower base due to the demands of its parent company or establishment of a TDC base in an indirect cost agreement that has already been finalized with a cognizant agency other than DOL.

Lines 6 and 7 - Contractors Base and Incentive Fees. If any of the below guidance on the treatment of fee is in conflict with the particular terms of the contract, the contractual terms shall prevail. The below guidance is intended to describe the standard vouchering and reporting practices for the fee arrangement that is now in use for OA/CTS contracts, which provides for both base fees and incentive fees. Line 6 is used to report the cost of Base Fees earned per contractual terms. Line 7 is used to report the cost of provisional and earned Incentive Fees.

Line 6 - Base Fee. For each contract year, the cost of a contractor's Base Fee will be an equal monthly proration of the Base Fee stated or reflected in the contract for that contract year. If the contractor's fee consists solely of Fixed Fee, then fee cost should be reported on Line 6 only, and the monthly costs should be calculated in the same manner as for Base Fee.

Line 7 - Incentive Fee. The cost of a contractor's Incentive Fee is determined as follows:

Cost prior to final determination of amount earned. The exact amount of incentive fee that is earned for performance achievements during a contract year cannot be determined until two to four months after completion of the contract year. In order to mitigate cash flow hardships that would otherwise result from such a long lag-time, contractors are generally permitted to voucher provisionally for incentive fee during the performance of a contract year. The provisional monthly costs and billings of Incentive Fee prior to determination of final amount earned will therefore be an equal proration of the contractually stipulated incentive fee amount for average performance.

Cost adjustment/reconciliation upon final determination of amount earned. When the contractor is notified as to the exact amount of incentive fee that has been earned for performance during a recently completed contract year, the notification will specify by what amount the earned incentive fee is above or below the amount of the provisional payments that were made to the contractor. DOL staff are expected to complete the reconciliation of provisional fee to final amount earned and notify the contractor within three months after the completed contract year. The difference between provisional incentive fee payments and final amount earned will be treated as an adjustment to cost and billings in the succeeding contract year and reflected appropriately as such on the next available cost report and invoice that is submitted by the contractor. However, if performance of the contract has been fully completed, the adjustment to cost and billings will be reported and treated as post-termination activity.
Following is an example of expensing Base Fee, Provisional Incentive Fee, and Final Post-Contract Year Incentive Fee adjustment. In this example, the contract

has been newly awarded and the Fee amounts stipulated for the first contract year (which is exactly one calendar year in duration):

| | |
|---|---|
| Base Fee | $22,500 |
| Provisional Incentive Fee | $7,500 |
| Total | $30,000 |

- In the first contract year, the monthly costs equal $30,000 divided by 12 months, yielding a monthly expense of $2,500. Total fee costs and billings in Year 1 are $30,000, consisting of $22,5000 base fee and $7,500 provisional incentive fee.
- In the first two months of the second contract year, the monthly fee costs and billings continue at $2,500. However, in the third month, the contractor is officially notified, via contract modification, that the final incentive fee earned, based on achievements in the first contract year is $8,500. The notification specifies that the final amount earned is $1,000 above the provisional amount billed and that the contractor should include the $1,000 fee increase on its very next voucher and should reflect the $1,000 of additional fee expense on line 7 of its very next cost report. This adjustment process also includes a revised 2181-OACTS budget, increasing the line 7 incentive fee amount by $1,000 for the current (second) contract year. The incentive fee expense reported in the third month of the second contract year would therefore be $3,500, or $1,000 above the provisional level of $2,500. Thereafter, monthly fee expense and billings would return to the provisional level of $2,500 for the duration of the second contract year.
- Note concerning liquidated damages: Liquidated damages assessments affect fee. Please refer to the later section that addresses liquidated damages.

<u>Line 8-Other Operating Expense.</u> Includes all operating costs associated with the OA or CTS functions that are not assignable to any of the above expense categories or to the GSA Vehicle Rental and Equipment expense categories. Other Operating Expense includes such items as:

<u>Office Materials and Supplies</u>. General office supplies, such as paper, pencils, paper clips, rubber bands, and ink cartridges.

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

<u>Office Equipment Rentals</u>. Includes the rental cost of photocopying and IT equipment.

Office Equipment Maintenance. Includes the 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 set forth in the applicable cost standards.

Accounting Services. Includes the cost of subcontracted accounting services acquired for the contract 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 that 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 facsimile or 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 9 - Total OA or CTS Operating Expense. Total of Lines 1 through 8.

Line 10 – Equipment/Furniture Expense. Includes costs for purchase of NON-EXPEND-ABLE PERSONAL PROPERTY that meets the definitional criteria contained in the Job Corps Asset Management Handbook, PRH Appendix 5??.

Line 11 - GSA Vehicles Rental. Includes GSA monthly/daily charges and charges for damage to vehicles. This category does not include GSA mileage charges, which instead should be assigned to Line 2, staff travel and training.

Line 12 – Total OA or CTS Expense. This is the sum of amounts in Lines 9, 10, and 11.

**b. 2110-OA/CTS, Page 2**

Lines 1a , 1b, 1c – OA Expense . These lines provide a highly summarized representation of the OA expense detail provided in Page 1, Section H. The OA expense totals on Page 1, Section H, Line 12 are broken out into two subcategories that are commonly used in the estimated cost clauses of OA contracts. These subcategories consist of:

Line 1a, OA-Reimbursable: This subcategory incorporates all OA line items on Page 1 except for line items 6 and 7, which are used for fee. The reimbursable line items therefore consist of Lines 1 - 5, 8, 10, and 11.

Line 1b, OA-Fee: This subcategory totals the amounts on OA Lines 6 and 7, on Page 1.

Line 1c, Total OA Expense. This line item totals the amounts on Lines 1a and 1b. The amounts on Line 1c will also equal the Line 12 OA total on Page 1.

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

Lines 2a , 2b, 2c – CTS Expense . These lines provide a highly summarized representation of the CTS expense detail provided in Page 1, Section I. The CTS expense totals on Page 1, Section I, Line 12 are broken out into two subcategories that are commonly used in the estimated cost clauses of CTS contracts. These subcategories consist of:

Line 1a, CTS-Reimbursable: This subcategory incorporates all CTS line items on Page 1 except for line items 6 and 7, which are used for fee. The reimbursable line items therefore consist of Lines 1 - 5, 8, 10, and 11.

Line 1b, CTS-Fee: This subcategory totals the amounts on CTS Lines 6 and 7, on Page 1.

Line 1c, Total CTS Expense. This line item totals the amounts on Lines 2a and 2b. The amounts on Line 2c will also equal the Line 12 CTS total on Page 1. **Note**: This expense category equates to C2-Career Transition Services in the internal DOL AAPP/FOP financial management system.

Line 3-Student Transportation/Meal Allowances. This line item is used in stand-alone OA/CTS contracts only. If the OA/CTS services have been included under an umbrella center operations contract, the Student Transportation/Meal Expense are to be reported and entered in the center's overall 2110 and not in the subsidiary 2110-OACTS. Otherwise, for stand-alone OA/CTS contracts, this Line 3 on page 2 should include the costs of government-furnished inter-city travel (including prescribed meal allowances), such as travel associated with new enrollee arrival or travel home upon separation.

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

Line 4 - Other Expense (Non-OA/CTS). This line item is used in stand-alone OA/CTS contracts only. If the OA/CTS services have been included under an umbrella center operations contract, the Non-Standard Expenses are to be reported and entered in the center's overall 2110 and not in the subsidiary 2110-OACTS. Otherwise, for stand-alone OA/CTS contracts, this Line 4 on page 2 should be used only if non-OA/CTS expenses have been specifically funded in the OA/CTS contract.

**Note**: This expense category equates to S-Support in the internal DOL AAPP/FOP financial management system.

## D. JOB CORPS OA/CTS FINANCIAL REPORT (2110-OA/CTS)

### 1. Purpose

The Job Corps Outreach/Admissions & Career Transition Services Financial Report, 2110-OA/CTS, is used by contractors whose contracts provide for OA and/or CTS functions. This includes both stand-alone OA/CTS contracts and center contracts that have been funded to provide OA 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, with a sharp focus on the current contract year.

**2. Originators**

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

**3. Time Frames**

**a. Contract Years.**

It is a required practice to segment the performance period of an OA/CTS contract into "contract years". It is desirable that each contract year have a duration of one full calendar year (365 days or 366 days, depending on leap year).

- A Contract Year May Not Exceed One Full Calendar Year. The technical parameters of the JDCD-FMS system do not allow any contract year to have a duration that exceeds one full calendar year.

- A Contract Year May Be of Lesser Duration. JCDC-FMS does permit a contract year to be of lesser duration than a full calendar year. This is to accommodate certain exigencies. A typical example of this would be a unilateral contract extension (usually of about four months' duration) that is issued to provide continuity of operations after the final option year contained in the original contract. In this situation, the extension should be treated as a new contract year.

  **Note:** If it becomes necessary to issue further contract extensions, these extensions should be incorporated into the contract year that was established via the original extension, provided that the total new contract year duration does not exceed a full calendar year.

**b. Reporting Periods.**

The reports will display line-item costs for the:

- Current month.
- Cumulative costs incurred to date during the current contract year (year 1, 2, 3, 4, 5, 6, or 7, whichever is in effect at the time); and
- Cumulative costs incurred to date from the inception of the contract (i.e., from the first day of the contract performance period).

The 2110-OA/CTS report normally displays data 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 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, 2011, and ends March 14, 2012. In March 2011, 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 2012, two reports must be submitted.

- The first report will cover the period March 1 through March 14, 2012, and the period ending date would be reported as March 14, 2012. Only the following will be reported.

- Page 1. Column (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 will constitute the initial report of the new contract year and in the "current month" columns, will report expense during the period of March15 through March 31.

**4. Reporting After Contract Expiration**

When a contract expires, it is of course necessary to submit a fully detailed 2110-OACTS with a report period ending date that coincides with the contract expiration date. Thereafter, the monthly reporting requirement for the contract continues until all undelivered commitments and unvouchered accounts payable are liquidated. It is necessary to continue to submit 2110-OACTS reports until financial activity under the contract has ceased. However, such post-expiration 2110-OACTS 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" in block C1 on page 1 of the 2110-OACTS. 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 closeout. This last report should be marked "FINAL-PENDING CLOSEOUT" in block C1 on page 1 of the 2110-OACTS. If there are adjustments to costs that need to be reported when the contractor submits its formal closeout package to DOL, a final 2110-OACTS report must be submitted in FMS to reflect any changes to costs. This report should be marked “FINAL/CLOSEOUT” in block C1 on page 1 of the 2110-OACTS; and the date entered in block C on page 1 of the 2110-OACTS should be on or a few days before the submittal date of the contractor’s closeout package.

**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 purchases are made or when 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 personnel expense when paid and will be vouchered at that time.

**6. Error Corrections**

A corrected report for a given month may be submitted, but only if the report for the following month has not yet been submitted. Otherwise, any adjustments made to correct erroneous information on past reports (contract to date adjustments) **<u>will be reflected in the current month's expenses;</u>** and the adjustment must be explained in the Variance Exceptions/Comments section. 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. Preparing and Submitting the 2110-OA/CTS Report.**

Contractors submit their 2110 reports using DOL’s web-based Job Corps Financial Management System (JC-FMS) that is administered by the Job Corps Data Center (JCDC). The JC-FMS has been designed in a way that minimizes the volume of data that must be entered each month and which ensures consistency and accuracy in internal mathematical operations that are present in the report. Contractors may obtain detailed guidance and training on FMS procedures for entering and submitting 2110 reports from JCDC representatives.

With respect to time-frames for the submittal of monthly 2110 reports, contractors must prepare and submit them into FMS by no later than the 20th of the month following the reported month.

**8. Descriptions and Definitions of 2110-OA/CTS Data Items.**

Detailed instructions and guidance for entering 2110-OA/CTS data into FMS is available from JCDC sources. The following discussion is not intended to supply instructions for entry of 2110-OACTS data, but is intended to provide detailed definitions and descriptions of the information that appears on a submitted 2110-OA/CTS report when it is viewed in its printable output form.

**2110-OA/CTS Page 1**

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

B. Contractor Name. This is the name of the contractor.

C. Report Period End Date (Month, Day,Year). This is 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 the previous section on time frame.

D. Contract Number. This is the DOL identification number of the contract for which data is being reported.

E. Latest Contract Modification Number. This is the number of the latest contract modification signed by the Contracting Officer that was effective during the reported period.

F. Contract Duration. These are the inclusive dates of the contract performance period, consisting of the contract inception/effective date and the current contract expiration date.

G. Contract Period-Current Contract Year. These are the inclusive dates of the current contract year, consisting of the beginning date and the ending date of the current contract year.

H. OA Expense (Section H contains data if the contract is funded for OA services). Approved Budget No. This is the number of the latest approved budget submission, ETA 2181-OA.

I. CTS Expense (Section I contains data if the contract is funded for CTS services).

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

H and I Columnar Instructions. Following are descriptions and definitions for entries in 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). This column displays the actual net expenses for the current month for each expense category.

Budget for this Contract Year (b). This column displays 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 will 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 (i.e., Contract Year to Date/CYTD). These amounts are prorated by a factor that is calculated as follows: Days From Start Of Contract Year Through End Of Report Period divided by Days In Full Contract Year.

Actual Expense-CYTD (d). This column displays the actual net expense that has accumulated since the beginning of the current contract year.

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), the variance is in brackets (negative variance).

Variance Threshold (f). This column displays the variance thresholds that, if exceeded (plus or minus), require the center operator to enter narrative explanations and corrective action plans that will appear starting on page 5 of the 2110 report. The variance threshold amounts are calculated in accordance with the formulas discussed in the earlier section on Display and Evaluation of Variances.

Cumulative Expense From Inception (g). For each expense category this is the actual net expense that has accumulated since the very beginning of the contract.

J. Signature Of Authorized Contractor Representative. This block shows the name of authorized contractor representative who is submitting the 2110 to DOL via the FMS. The signature line is reserved for use when the necessary e-signature technology can be applied.

**2110-OA/CTS Page 2**

Page 2 is fully completed for stand-alone OA and/or CTS contracts. However, for center contracts that have OA and/or CTS funding, partial information will appear in Sections E and F, and no information will appear in Section G (Voucher Data). The omitted data for center operations contracts appears instead on pages 3 and 4 of the 2110 report that is prepared for the umbrella center operations contract.

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

B. Contractor Name. Same as Page 1, Block B.
C. Period End Date. Same as Page 1, Block C.
D. Contract Number. Same as Page 1, Block D.

E. Net Contract Actual Expense-All Categories. Following are descriptions and definitions for entries in columns (a) through (d) in Section E.

> **Note:** In Section E, expense categories 3 (Student Transportation) and 4 (Other Expense /Non OA/CTS) are left blank if the 2110-OA/CTS report applies to OA/CTS activities funded under an umbrella center operations contract.

Expense Categories Column. See the Cost Category Section of this appendix for definitions. Please note that Line 1c and Line 2c are carry forwards of the Line 12 OA and CTS totals entries on page 1.

Current Month (a). This column displays the actual net expenses for the current month for each expense category.

Contract Year to Date (b). This column displays the actual net expense that has accumulated since the beginning of the current year.

Cumulative Through Prior Year (c). This column displays the Cumulative Costs From Inception (d) reported through 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, this column displays 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 displayed on Line 05.

F. CONTRACTOR OBLIGATIONS. This section reports the status of contractor obligations for the full contract period to date, in relationship to contract funding (also referred to as “funds available”) and value (also referred to as “estimated cost”). This information is supplied, as applicable for OA expense, CTS expense, Student Transportation Expense, and any Other Non-OA/CTS expenses that are funded in the contract.

Please note that, in Section F, expense Categories 3 (Student Transportation) and 4 (Other Expense /Non OA/CTS) are left blank in those 2110-OA/CTS reports that are prepared for OA/CTS activities funded in an umbrella center operations contract.

Following are descriptions and definitions for entries in columns (a) through (i) in this Section F:

Vouchered Reimbursable Expenses (a). The amounts in column (a), for each applicable expense category represent 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). The amounts in column (b), for each applicable expense category represent 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.
- Accounting errors that omitted items from the voucher.
- Amounts that exceed the amount of funds available in the contract as per discussion of vouchering criteria contained in Section E.

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

Undelivered Commitments (d). The amounts in column (d), for each applicable expense category represent 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 report subcontracts or 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 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.

> **Note:** It is particularly important that the total obligations (and constituent parts) be reported accurately in the 2110-OACTS data submitted upon contract expiration. This is so in view of the normal DOL practice to remove excess funding from an expired contract based on the difference of Actual Funding minus Reported Contractor Obligations. At the same time, DOL procurement officials are cautioned to avoid the unnecessary administrative burdens that often result from hasty de-obligation of unvouchered funds which will later be needed to cover a contractor's unvouchered reimbursable expenses and payables and its undelivered commitments.

Total Contract Funding (f). The amounts in column (f), for each applicable expense category represent 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). These percentages are calculated by dividing the Total Contract Obligations, column (e), by Total Contract Funding, column (f).

Contract Value (h). The amounts in column (h), for each applicable expense category, represent 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). These percentages are calculated by dividing Total Obligations, column (e), by Contract Value, column (h).

Percent Contract Completed (i). The percentage figure in the cell below Line 04 is provided as a basis of comparison with the percentages of contractor obligations versus contract value. The percentage value in this cell is calculated by dividing the number of days from the inception date of contract through report period end date by the number of days from the start date of the contract through the current expiration date of the contract.

G. VOUCHER DATA. This section is to be completed only for stand-alone OA and/or CTS contracts. This section reports information that identifies any discrepancies between certain data on the 2110-OA/CTS report and data appearing on the voucher submitted by the contractor for the end of the same period being reported on the 2110-OA/CTS. In the title box of this section G, the contractor's identifying number of the voucher submitted for the end of the reported period is supplied, along with the contractor's signature date on that voucher.

<u>Cumulative Vouchered Under This Contract (Line 1)</u>. The amount on Line 1 represents the contract to date total amount that has been vouchered as of the voucher identified above.

<u>Difference With Reimbursable Expense (Line 2)</u>. The amount on Line 2 represents any difference between the amount entered in Line 1 in this section, and the amount entered in column (a), Line 4, of Section F.

<u>Explanations.</u> Any differences reported on Line 2 must be explained in the space provided.

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

<u>Line 1 – Cumulative Cost Thru Prior Year</u>. For OA expense, this is the same amount shown for OA in Section E, column (c). For CTS expense, this is the same amount shown for CTS in Section E, column (c).

<u>Line 2 – Annual Budget for Current Year</u>. These are the OA and CTS totals from page 1 that are contained in column (b).

<u>Line 3 – Implied Contract Value</u>. These amounts are calculated as the sum of entries in preceding Lines 1 and 2. In the framework of data contained in the 2110-OACTS, these are the expected cumulative OA and CTS expenditures through the current contract expiration date.

<u>Line 4 – Contract Value per Latest Mod</u>. This is the total current estimated cost for OA expense and CTS expense as stated in the contract Estimated Cost clause for the full contract period as per the latest contract modification.

<u>Line 5 – Variance (Line 3 less Line 4</u>). This is the variance between the official contract estimated costs for OA 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-OA/CTS budgets for the current contract year or by seeking a contract modification from DOL to amend to estimated cost.

I. <u>PLANNED CONTRACT YEAR WORKLOAD AND ACTUAL WORKLOAD TO DATE.</u>

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 and expressed as a percentage.

OA Goals and Performance:

- Contract Year Arrival Goal. This is the contractual goal for arrivals this contract year.
- Actual Arrivals to Date. This is the number of arrivals achieved in this contract year through the end of the reporting period. This is also expressed as a percent of the annual goal.

CTS Workload – Planned/Actual

- Contract Year Plan – New Assignees. For both graduates and former enrollees, this is 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. This is 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. This is also expressed as percentages of the annual assignee workloads.

**2110-OA/CTS, Page 3**

A. Contract Scope. Same as Page 1, Block A.
B. Contractor Name. Same as Page 1, Block B.
C. Period Ending (Date). Same as Page 1, Block C.
D. Contract No. Same as Page 1, Block D.

E. VARIANCE EXCEPTIONS/CONCERNS.

This section automatically identifies each Line Item on Page 1 where actual expense differs from planned expense by a significant margin (referred to as the variance threshold). Other reportable anomalies from Page 2 are also automatically identified. For each Page 1 Line Item Variance or other anomaly that is listed, there is a block that shows the dollar amount of the variance / anomaly, along with blocks in which preparers of the 2110-OACTS report are required to supply both reasons for and the resolutions of these variances and anomalies. The following guidance and advice is provided to those who formulate the reason and resolution statements:

Reasons. The Reason Block is used to explain the cause of the variance or anomaly and its present and future impact on contract costs and program performance. The reasons for many variances and anomalies cannot be determined solely by finance staff. Input should normally be sought from appropriate program managers. The discussion of the reasons for a variance should be brief, but clearly stated so that they can be understood by a reviewer not aware of specific conditions that have affected contract performance.

Resolutions. The Resolutions Block is used to briefly explain the action that has been taken or is planned to be taken to correct or resolve the variance or anomaly. Preparers are advised that simple repetition of resolution statements from month to month suggest that the planned actions are either ineffective, inappropriate, or are not being implemented. If no action is possible, it should be so noted and explained.

## E. CONTRACTOR VOUCHERING CONSIDERATIONS

If any of the below guidance on vouchering is in conflict with the particular terms of a center contract, the contractual terms shall prevail. The below guidance is intended to describe the standard vouchering practices now in use for center operations contracts and should be followed to the extent not contradicted by specific contractual terms.

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 OA and/or CTS contracts:

### 1. Basic Parameters.

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 contractor has paid or has begun processing documents for payment.

### 2. Frequency of Vouchering.

Contractors may normally submit vouchers no more than twice a month. The first voucher will cover the first of the month through the 15th; and the second voucher will cover the 16th through the end of the month. The amounts reported as Vouchered Reimbursable Expense on page 2 of the 2110-OA/CTS must agree with the month-end vouchers.

### 3. Special Considerations.

The following considerations also apply to vouchering by OA/CTS contractors:

- The amount vouchered may not exceed the funds available in the contract. Due to this particular restriction on vouchering by contractors, it is important that DOL staff and officials prepare incremental contract funding actions in a timely and accurate manner.

- 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.
- Base/Fixed Fee and Incentive Fee is vouchered and expensed as explained in the earlier description of Lines No. 6 and 7.
- 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.
- Vouchers may continue to be submitted after expiration of the contract as circumstances warrant (late billings submitted to and paid by contractor, adjustments for incentive fees, and so forth). Post-expiration vouchers that are submitted prior to formal contract closeout (which cannot occur until final indirect cost rates have been determined) should be marked: INTERIM FINAL PENDING CLOSEOUT.

### 4. Formats and Information Required.

- Contractors will submit, to the Regional Office only, an original plus two (2) copies of the voucher claiming reimbursement for provisional payment.
- The voucher will be prepared on SF 1034.
- Month-end vouchers must reconcile exactly to the 2110-OACTS report which is submitted for that month.
- The voucher must be accompanied by a backup sheet to substantiate certain data.
- Provided as Exhibit 503-1 is a sample of a completed voucher, SF 1034, including instructions for its preparation. Exhibit 503-2 provides an example of the required back-up sheet.

### 5. Advance Payment Arrangements.

Some contractors are eligible to receive advance payments. Those who elect advance payments will receive them in the form of draw-downs from the Health and Human Services Payments Management System (HHS-PMS). Instructions for draw-downs will be provided from the Regional Office.

## F. LIQUIDATED DAMAGES

### 1. Assessment Amounts.

As a means to promote program integrity and to ensure that Job Corps students receive the services for which DOL expends public funds, DOL shall assess contractors for liquidated damages for misreporting of student achievement data. The amount of the assessment for each instance of verified misreporting of OA/CTS related accomplishments will be based on the following schedule:

- Invalid Placement Credit: $750 for each instance.

**2. JFAS-AAPP/FOP Considerations.**

The cognizant Regional Office is responsible for promptly notifying the National Office to enter a liquidated damages assessment in the JFAS-AAPP/FOP system as a planned estimated cost reduction.

**3. Contract Modification.**

The cognizant DOL Contracting Officer is responsible for promptly preparing a contract modification that reduces the fee contained in the estimated cost clause by the amount of the liquidated damages assessment.

**4. Recovery From Contractor Fee.**

DOL will recover liquidated damages assessments through reductions in contractor fee. Upon receiving a fully executed contract modification that contains an assessment for liquidated damages, a contractor shall:

- Post the liquidated damages amount as a negative expense in the Fee line item in its Current Year Center Operations budget so that it is reflected in the very next 2110-OACTS cost report due from the contractor. If the contract has Fixed Fee only, the negative expense (credit) is posted in the Base/Fixed Fee line. If the contract has Base Fee and Incentive Fee, the negative expense (credit) is posted in the Incentive Fee line item.

- Duly incorporate the negative fee expense (credit) into the very next invoice that is submitted by the contractor for reimbursement of costs under the contract.

  **Note** Concerning Repayment for Lost or Damaged Government Property: This same mechanism for re-payment via fee reduction may be employed by DOL to obtain reimbursement from a contractor for Government property that the contractor causes to be lost or damaged, or is deemed liable for loss or damage.

**5. Data Correction.**

The cognizant Regional Office is responsible for promptly notifying the National Office of Job Corps and the Job Corps Data Center to remove invalid Placement) credits from the Outcome Management System(s) (OMS). A credited placement that has been found to have been misreported by a CTS provider would lead to the removal of the student from the placement pool of both the CTS and the center OMS report cards. Both scenarios hold true whether the center operator and the CTS provider are separate, or one and the same.

**6. Good Faith Errors.**

Contracting Officers, after consulting with appropriate DOL Job Corps officials, are permitted to exercise discretion and not assess liquidated damages in cases where it appears that the data misreporting is most likely due to good faith error. Another mitigating circumstance might be cases where data was erroneously recorded but the student outcome was likely achieved.

Contracting Officers may also, after consulting with appropriate DOL Job Corps officials, exercise discretion and not assess liquidated damages in cases where liability for government property has been determined and where good faith error occurred.

**7. If Fraud is Suspected.**

When a DOL official or staff member becomes aware of apparent fraud by a center operator or others, the matter should be reported or disposed of using established channels and procedures.

## G. JOB CORPS OA and CTS BUDGETS (2181-OA, 2181-CTS)

**1. Scope**

This section applies only to the treatment of OA and CTS costs. This applies to stand-alone OA/CTS contracts and also includes OA/CTS funds that have been added to center operations contracts.

**2. Purpose**

This section provides instructions for the development and presentation of line-item budgets of OA 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 this section 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 detailed breakout of both OA and CTS costs that are summarized in the estimated cost clause of the contract.

**3. Overview of Requirements**

**a. Formats and Method of Preparation and Submittal.**

The 2181 is prepared and submitted via entry of data in the JCDC-FMS and used to display approved or proposed line item budgets for:

- The Current Contract Year.
- The Next contract year, if any remains.
- Base-Year Three, if the contract is in the first year of a 3-year base period.

**b. Time Frames**

OA/CTS contracts normally last five to seven years, with the final three or four years being option years that are primarily contingent on the demonstration of satisfactory contractor performance.

- Contracts with Two-Year Base Periods. During the first year of the contract, budgets are prepared and maintained for the "Current" Year (Contract Year 1) and the "Next" Year (Contract Year 2). Both budgets are reviewed and approved as a "set" until the end of the first year. As Year 1 is closed and Year 2 begins, what had been the Next Year budget in Year 1 becomes the "Current" budget for Year 2. At that time, it is required that a new Next Year budget be prepared for contract Year 3. This pattern is maintained for the life of the contract.

- Contracts with Three-Year Base Periods. The requirements are essentially the same as for contracts with two-year base periods, except during the first contract year. During the first contract year (and only during the first contract year), it is necessary to maintain an additional 2181 covering the $3^{rd}$ contract year (which is referred to as base-year three).

**c. Current Year Line-Item Budgets**

An approved line-item budget (2181-OA 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 in the 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 and Base Year 3 Estimates.**

Next Year Estimates. Form is 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 workload); (2) to accurately calculate the impact of such changes on the budget for the next contract year; and (3) to revise the form 2181 line-item budget for the next contract year accordingly.

Base Year 3 Estimates. This requirement applies only to contracts that have three base years. While a contract with three base years is in its first contract year, it will be necessary to maintain a "Base Year 3" line item budget. This is to help identify any situations where a change in the estimated cost of the contract needs to be considered as a result of ongoing changes that occur in the first contract year. There is no need to maintain a "Base Year 3" line item budget after the end of the first contract year. When the second contract year begins, the "Base Year 3" budget becomes the "Next Year" budget.

**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 OA and/or CTS within the estimated cost clause of the contract. If a contract modification is issued that changes (up or down) the total OA and/or CTS cost, a revised set of 2181's (current year plus next contract year and base year 3, if applicable) should be prepared and approved as soon as possible after issuance of a contract modification. Conversely, if the Regional Office approves a change in the 2181 that affects the cumulative amount of center operating costs, then a contract modification to revise the estimated cost clause is also needed. The key point made in this section is that the financial data in form 2181 and the data in the estimated cost clause should be kept in agreement. If these documents come into disagreement, steps should be taken to resolve the discrepancy and put them back into agreement.

**f. AAPP/FOP**

The acronym AAPP/FOP stands for Annual Advance Procurement Plan/Financial Operating Plan and refers to the previously described JFAS system of the DOL-Office of Job Corps that is used for planning and controlling the allocation of budgetary resources. Regional offices must adhere to current internal guidelines when reviewing and considering budget increases at contract centers and formally approve only those that are within AAPP/FOP levels. If a proposed current year or "next 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 included in a formal contract modification. As indicated in an earlier section, OA/CTS contractors are entitled to receive or be given access to copies of their respective JFAS data reports and should thus be able to determine whether a proposed contract budget change will likely first require a funding approval within the AAPP/FOP.

**g. Underrun Rollovers.**

At the end of a contract year, if a net cost underrun is reported, DOL **may** approve the contractor's retention of some or all of the underrun amount by rolling it over and adding it to the operating budget for the next contract year. Rollovers will normally be limited to an amount equating to 5% of the annual operating budget for the year just ended or $100,000, whichever is less. This underrun-rollover process is intended to provide contractors with a reasonable measure of flexibility in the timing of purchases and expenditures, to provide resources for payment of staff bonuses earned on the basis of good performance in the just-ended contract year, and to avoid wasteful administrative effort that might result from a rigid requirement for DOL to recover all underrun amounts, regardless of immateriality. Following are general limitations and ground rules for underrun rollovers:

(1) The Job Corps National Director, in consideration of overall budgetary conditions, may reduce the rollover limits stated in the preceding subsections, even to the extent of eliminating all rollovers. Such reductions in rollover limits will be promulgated in writing in the form of a Job Corps Information Notice.

(2) With respect to treatment of rollovers in the JFAS-AAPP/FOP system, there are default mechanisms that automatically provide for the approval of the maximum roll over amount that is consistent with current limitations and requirements.

(3) DOL may consider and approve individual exceptions to the above rollover limits if warranted by special circumstances, such as contractor errors of material dimensions being made in year-end 2110-OA/CTS reports. If a contractor believes that a year-end rollover should be approved in a higher than normal amount, it should prepare and submit a request and justification to its cognizant regional office that can be endorsed and forwarded to the Job Corps National Office for consideration and response. If approved, this request will result in the processing of appropriate AAPP/FOP changes. DOL will strive to address and resolve such requests within two weeks of receipt.

(4) Any portion of a contract year-end underrun that is not approved for rollover will be returned to DOL via contract modification that implements a net reduction in the estimated cost of the contract.

**h. Treatment of Overruns.**

If a net cost overrun is reported a the end of a contract year and contract performance continues into a new contract year, the JFAS-AAPP/FOP system contains default mechanisms that provide an automatic offset to the overrun via a reduction in the AAPP-approved operating budget for the following contract year. These are internal transactions that have zero net impact on the AAPP-approved estimated cost of the contract. If a contractor believes that a year-end overrun should be instead resolved or covered through a funding increase (to avoid harmful spending reductions in following contract year), it should prepare and submit a request for budget adjustment. For procedural guidance, refer to the later section that is captioned: Requesting a Budget Adjustment.

**Note:** Contractors are reminded to be aware of and to comply with any contract clauses that require them to provide DOL with timely, formal notification of pending or actual overruns. Failure to comply with such contract clauses may compromise a contractor's ability to obtain reimbursement for expenses that are in excess of those provided for in the estimated cost clause or funds available clause of the contract.

## 4. When Submittals Are Needed

### a. Initial Submittals-Contract Year 1

Using the JCDC-FMS, the contractor must submit initial 2181 budgets within 10 days after the effective date of the contract. The initial submittal must include a form 2181 (for OA and/or CTS, as appropriate) for the first year and another for the second year of the contract. If the new contract contains a third base year, then a "base year 3" 2181 is also required to be submitted. Unless extensive follow-up or National Office authorizations are required, the Regional Office should normally approve the initial 2181 budgets within two weeks after submittal by 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. 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 Closeout and Reconciliation

The following discussion is in the framework of closing out the first contract year. However, the same pattern of events and timeframes 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 becomes the "next year". The contractor's proposed new 2181 budgets should be submitted into the JCDC-FMS within 30 days after the start of year 2. This schedule allows 10 days development 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. As part of this process, the proposed new 2181's must address and reconcile the variances between actual and budgeted expense that existed at the end of the preceding 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. 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 OA 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 prepared and submitted using JCDC-FMS 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 incorporated into the estimated cost of the contract via contract modification.

Regional Offices should respond promptly to contractor' 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. Requesting Funding/Budget Adjustments.**

Following are basic steps and requirements for preparing and submitting a request for an adjustment in contractually approved budgets or funding.

**a. When is a Formal Request for a Funding/Budget Adjustment Needed?**

A formal request should be prepared and submitted when a contractor believes that a funding/budget adjustment is required in order to maintain the effectiveness of the OA/CTS services AND when such an adjustment will involve a net change in one or more of the major cost categories: C1-Outreach and Admissions; C2-Career Transition Services; D-Student Transportation; or S-Support.

**b. A Word of Caution.**

Contractors are discouraged from submitting Requests for Funding/Budget Adjustments except in the most urgent and compelling cases. The DOL expectation is that contractors should maintain staffing and deliver services in a satisfactory manner within the contractually agreed budgets and funding levels. It is also the case that DOL's contingency reserves are rarely abundant and strictly controlled.

**c. Format.**

There are no rigid requirements for formatting a Request for Funding/Budget Adjustment. It is recommended that the request be in the form of a brief explanatory statement along with whatever exhibits or tables are appropriate. Electronic "softcopy" is preferred over hardcopy.

**d. Content.**

There are no rigid requirements or specifications concerning the content of a Request for Funding/Budget Adjustment. The level of detail depends on the complexity of the situation. Elaborate presentations are not required, but a concisely stated explanation and justification for the change in funding is required, along with appropriate back-up in the form of pricing data and computations. Requests also should indicate which major categories of expense would be affected. In cases where the increase is of an ongoing nature, it is imperative that the request specify the effective date of the change, the net change in the current contract year and the change amount that will be needed in the next contract year.

**e. Submitting A Request.**

OA/CTS contractors should, via email, submit Requests for Funding/Budget Adjustment to the Director of the Job Corps Regional Office that is responsible for their contract as well as to their Regional Project Manager. It is recommended that this email and its attachments also be "cc'd" to the Budget Team Leader within the National Office Division of Budget and Acquisition Support. These types of requests may be submitted at any time. Contractors should strive to submit these types of requests as soon as possible after the need for a funding adjustment becomes evident.

**f. Turn-Around Time.**

The Office of Job Corps will strive to provide the contractor with a substantive response to its request within two weeks of submittal, depending on the complexity and/or policy implications of the issues that need to be addressed.

**6. Submittal Procedures and Requirements**

Contractors submit their 2181 budgets using DOL's web-based Job Corps Financial Management System (JC-FMS) that is administered by the Job Corps Data Center (JCDC). The JC-FMS has been designed in a way that minimizes the volume of data that must be entered for the 2181, and ensures consistency and accuracy in internal mathematical operations that present in the budget. Contractors may obtain detailed guidance concerning FMS procedures for entering and submitting 2181s by referring to the FMS Technical Guide that available from the JCDC/FMS website.

**7. Descriptions and Definitions of 2181 Data Items**

The following provides definitions and descriptions of the information that appears on a submitted form 2181 when it is viewed in its printable output form. Form 2181-OA 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. In some instances, as discussed previously, a "BASE YEAR 3" 2181 is also required. Following are brief descriptions of the elements of information entered on the form 2181.

**Heading Information**

Contract Scope. If the budget is for an OA and/or CTS expense that is funded under a center contract, this is the name of the center. If the budget is for a stand-alone OA and/or CTS contract, this is the geographic area covered by the contract.

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

Contractor Name. This is the name of the contractor organization as registered in the JCDC-FMS. The expectation is that this name will match that which appears on the formal center contract documents.

Budget Number. The initial pair of 2181's for the first and second contract years (and possibly the third contract year) are numbered "1" and all later pairs of approved 2181s 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 2181s 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. This is the number of the contract year for which the form 2181 has been prepared.

Ending. This is the ending date of the contract year (mm/dd/yyyy) that is identified in the Contract Year Number block.

**Budget Information**

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 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 display 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 1 – 9: OA and CTS Expenses Subcategories. See earlier section of this Appendix for definitions of cost categories.

Line 10: Total OA or CTS Expense. Totals of Lines 1 through 9.

Note: Lines 13 and 14 are intended to reconcile to the Estimated Cost Clause in the contract. When the contract is in its final base year or in an option year, these lines will normally appear only in the 2181 for the current contract year. However, if the contract is still within its base period, but in a contract year that is prior to the final year of the base period, these lines will appear in the 2181 that applies to the final year of the base period – which will be either the form 2181 for the Next Year or the form 2181 for Base Year 3, whichever is appropriate.

Line 13: Prior Year Cumulative. This line displays the actual or budgeted cost through the immediately preceding contract year.

Line14: Implied Contract Value: This line displays the cumulative budgeted expense through the end of the contract year and consists of the actual or budgeted cost through the end of the preceding contract year and the budgeted cost of the contract year for which this 2181 applies. This represents the contract value that is implied in the 2181 data.

Line15: Reconciliation to Current Estimated Cost:

The information on these rows is intended to reveal whether and to what extent there is disagreement between the form 2181 line item budgets and the official estimated cost of the contract, with respect to center operations expense. This information includes:

Line 15a: Current Estimated Cost of Contract: This is the current estimated cost of the contract for either OA and/or CTS expense per financial information entered into JCDC-FMS that has been abstracted from the original contract and its subsequent modifications.

Line 15b: Per Mod Number: This is the most recent contract modification number for which information has been entered into JCDC-FMS.

Line 15c: Implied Change (14 – 15a): This is the dollar difference between the implied estimated cost of the contract per the 2181 and the official estimated cost of the contract per the most recent contract modification. If the result is not zero, then there is disagreement between the contract and the 2181. If disagreement exists, the reasons for the disagreement should be researched and identified and appropriate corrective action taken.

> **NOTE:** When a contract is still within its base period, the data on line 15a – 15c will appear only on the 2181 that applies to the final year of the base period. Depending on the number of years in the base period and the number of the current contract year, this could be the 2181 for the CURRENT CONTRACT YEAR, THE NEXT CONTRACT YEAR, or BASE YEAR 3.

**Contractor Submittal Block**

This block shows the name of authorized contractor representative who is submitting a proposed new 2181 to the Contracting Officer and the date submitted. The signature line is reserved for use when the necessary e-signature technology is applied.

**Regional Office Approval Block**

This block shows the name of authorized DOL representative who has approved the new 2181 and the date of that approval.  The signature line is reserved for use when the necessary e-signature technology is applied.