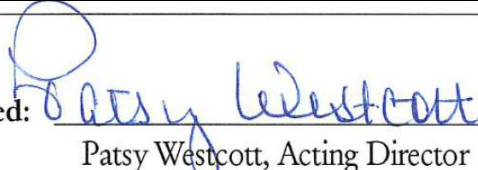



State of Alaska
Department of Labor and Workforce Development

Division: Employment and Training Services	Policy: 07-538
Subject: Subrecipient Accrual Based Reporting	Pages: 3
Reference: Training and Employment Guidance Letter (TEGL) 28-10 ; 2 CFR 200.34 Expenditures (a) and (b) ; 20 CFR 683.300 Reporting Requirements (c)(5) , 2008 Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards (2008 Codification), Section 1700 and 1700.128 ; 31 USC Sections 205 and 6503 , the Cash Management Improvement Act (CMIA); U.S. General Accountability Office, Principles of Federal Appropriations Law (“Red Book”), Volume 2, 2006 ; Comptroller General Decisions [B-148283, 1962] ; [B-136383, June 27, 1958] , and [B-116795, June 18, 1954] .	Effective: 11/19/2018
 Approved: _____ Patsy Westcott, Acting Director	 _____ Date

1. Parties Affected

Division of Employment and Training Services (DETS) staff and grant subrecipients receiving public funds from DETS.

2. Background

Federal guidelines [20 CFR 683.300 Reporting Requirements](#) dictates that subrecipients of federal funds must report award related financial activities on the accrual basis of accounting and be cumulative by fiscal year of appropriation. This is supported by [Training and Employment Guidance Letter No. 28-10](#) which requires all subrecipients receiving federal funds to report all financial transactions on a full accrual basis.

Accrual based reporting occurs when transactions are recognized in the accounting period in which they occur, e.g. revenue is recognized when earned and expenses are recognized when incurred.

3. Policy

Recipients of subawards from the DETS are required to provide timely, accurate, and complete disclosure of the financial activities of federal awards using accrual based accounting methodology. Procedures to account for inception to date award related activities including accrued obligations, accrued expenditures, credits, and refunds and rebates related to award activities is required.

Examples of accruals include, but are not limited to:

- costs of goods and services which have been received but not yet paid;
- salaries and benefits earned by employees for work performed, whether or not the payroll checks have been issued; and
- the cost of training which has been received by enrolled participants.

If the subrecipient's accounting records are not normally kept on the accrual basis of accounting, the subrecipient must develop and submit accrual information through an analysis of the documentation on hand.

4. Responsibilities

DETS is responsible for timely and accurate grant expenditure reporting of Federal awards by ensuring subrecipients' Quarterly and Final Financial Reports contain accrual information and are received, approved, and transmitted to the Department of Labor and Workforce Development, Administrative Services Division.

5. Definitions

- a) **Accrued Expenditures** means a charge incurred during the reporting period requiring the provision of (1) goods and other tangible property received, (2) services performed by employees, contractors, subrecipients and sub-contractors, and other payees, and (3) other amounts becoming owed under the programs for which no current services or performance is required, such as annuities, insurance claims and other benefit payments. Typically, an Accrued Expenditure will be for a good or service that has been received during the reporting period which the subrecipient has not yet paid at the end of the reporting period.
- b) **Accrued Obligation** means a formal commitment of funds by a subrecipient resulting in future payments or expenditures and may include such items as subgrant agreements, purchase orders, or cash disbursements. Obligations do not include such actions as projected staff time, future or projected rent payments, future or projected training, or items that are budgeted during the period of the grant award.
- c) **Credit** means a reduction in the amount paid to a vendor or other party or that is returned to the payer.
- d) **Rebates** are reductions in the amounts expended for goods or services that are repaid by the vendor as an incentive for purchasing the goods or services.

- e) **Refunds** are the return of the amounts expended for goods or services by the return of those goods or services to the vendor.
- f) **Subaward** is all of the documents included in the contractual agreement between DETS and subrecipient and includes Reimbursable Services Agreements (RSA) with other state agencies.
- g) **Subrecipient** is the organization specified in a subaward or RSA.