**Period of Performance Webinar Transcript: 08/01/2023**

Sarah Clardy/VRTAC-QM: Morning.

Sarah Clardy/VRTAC-QM: Hello, everyone, and thank you for signing in with us this afternoon. We are going to talk about period of performance today and go through a training that is assembled from information that we coordinated with Rsa. Or communicated with ours around in the spring. So for those of you who are at Csvr. We have a session on period of performance.

Sarah Clardy/VRTAC-QM: and we some of that information kind of filtered over across multiple sessions at the Conference. So we felt like

Sarah Clardy/VRTAC-QM: it would be beneficial to bring all of it together in one space and to do a live webinar. This is being recorded today, of course, and can be made available to agencies. We want to sit down and

Sarah Clardy/VRTAC-QM: do this together as a team or sort through individually. It's one of the number one areas that we provide support to the States around in our V, our tech queue and fiscal role.

Sarah Clardy/VRTAC-QM: So with that, Chris, we can go ahead and K. Up the Powerpoint.

Chris Merritt/VRTAC-QM: Okay, just second here.

Chris Merritt/VRTAC-QM: please hold for technical assistance.

Sarah Clardy/VRTAC-QM: Well, she's bringing up the Powerpoint. My name is Sarah Clarity. I'm with the VR. Tech. Qm. I'm joined by Chris Merritt, my esteemed colleague. We're We have been tagged teaming together on period of performance training since Chris came on board this year. She is definitely lightened, my load, and it's been a pleasure to work alongside of her. As I mentioned.

Sarah Clardy/VRTAC-QM: we we spend a lot of time with states working around period of performance. And I see somebody who is kind of looking down through the list. Some of you, we've actually done this training with. So if you're

Sarah Clardy/VRTAC-QM: joining us today, and we have provided this training in your state, it's going to be the same information. But it's good to hear it. multiple times, and to kind of let it sink in and think about, what is it that we are doing?

Sarah Clardy/VRTAC-QM: and are there areas where we need to maybe change or or add something to the next?

Sarah Clardy/VRTAC-QM: I'm going to ask if everyone will please mute

Sarah Clardy/VRTAC-QM: today unless you have a question or something.

Sarah Clardy/VRTAC-QM: Okay, next slide, Chris.

Sarah Clardy/VRTAC-QM: So just a little housekeeping item as as we get started today in any of the trainings that we provide. We always appreciate

Sarah Clardy/VRTAC-QM: having a collaborative discussion, and we always welcome questions. And we know that sometimes waiting until the end to to ask those questions can interrupt the flow of information and how we process. So if you have questions today, even though this is a lively recorded webinar, if you have questions. feel free to throw those out there. If they are unique to your particular state, and it is more beneficial to Sidebar.

Sarah Clardy/VRTAC-QM: then we'll let you know, we'll get in touch with you. We can have that conversation. If it's something that impacts the larger group, then by all means, let's let's dive into that. Because, again, I know that a lot of states are working through period of performance matters currently. And of course, for States who have been monitored or are being monitored for a lot of you. This is, this is fresh on your mind.

Sarah Clardy/VRTAC-QM: So today we're going to go through 5 objectives. We're going to look at all of the definitions of the elements within period of performance. And so we're going to unpack all of those those definitions that apply to help us understand? What are all those key moving parts and pieces that go along with period of performance, so that we can sort of get our arms around. What are all the considerations that we need to make?

Sarah Clardy/VRTAC-QM: Second, we're going to establish when a financial obligation occurs.

Sarah Clardy/VRTAC-QM: and then we're going to talk about how the financial obligation is charged. All of this revolves around our responsibility to manage the award and to have proper internal controls in place

Sarah Clardy/VRTAC-QM: And then, fourth, we're going to create a way. We're going to look at ways to track and report the liquidation of the Federal the financial obligation. And so we're we're going to take a look at all those different considerations and talk about some tools and things that are out there to assist you.

Sarah Clardy/VRTAC-QM: And then 5. We're going to talk about. Why does Rsa care? Why is this a a topic that's that's on the monitoring list? Why is this something that we are hyper focused on now I've heard many say over the last 15 years for our veteran financial staff that this maybe wasn't as much of a a conversation, maybe 15 years ago. So why, why do we care? And what's the big deal we're going to unpack that

Sarah Clardy/VRTAC-QM: next slide, please.

Sarah Clardy/VRTAC-QM: and with that I'm going to hand it over to Chris. the disclaimer for today. Those of you who are the conference conference remember our our duty to to disclaim, or this content was developed by the our tech. Qm. We are a project funded under a grant of the Us. Department of Education Call Department, and the information contained here, and does not necessarily reflect the position or policy of the department, and no official endorsement should be inferred.

Sarah Clardy/VRTAC-QM: And with that, then I'm going to hand it off to Chris, and she's going to lead you down a series of definitions to kind of help us build our understanding of period performance. So, Chris.

Chris Merritt/VRTAC-QM: thank you, Sarah.

Chris Merritt/VRTAC-QM: okay, we're gonna talk definitions. And I know they're not the most exciting thing to talk about. But it's so important to understand the terms that we are using. You're gonna find them in the uniform Grant guidance, the Department of Education Regulations

and the VR. Implementing ranks as well as in your grant or notifications

Chris Merritt/VRTAC-QM: and your dear colleague letters. So it's important that we all get a baseline of what these definitions mean?

Chris Merritt/VRTAC-QM: So we're going to unpack these concepts. We're going to look at these key definitions here listed on the screen. what the differences are, and why they matter to us.

Chris Merritt/VRTAC-QM: and we'll start with period of performance.

So period of performance. This is the total estimated time interval between the start day and the planned end date.

Chris Merritt/VRTAC-QM: and may include one or more funded portions. So the key here are the words estimated and planned.

Notice that these are not absolute, and the time interval may change or be updated by Rsa.

Chris Merritt/VRTAC-QM: next we have budget period

Chris Merritt/VRTAC-QM: budget period is the time interval from the start date of an award to the end date during which you're authorized to expend funds. This represents a time interval during which you, the recipients, are authorized to spend the funds. It's pretty simple. The budget period is defined for you in Box 6 of your grant award notification.

Chris Merritt/VRTAC-QM: Next is Federal fiscal year of appropriation. This is very simply the year that Congress gives the funds to Oursa to distribute through our grant award notifications.

Chris Merritt/VRTAC-QM: For example, the Federal fiscal year 21 State vocational rehab services. Grants are for the 21 Federal fiscal year of appropriation, which runs from October first, 2,020, through September thirtieth, 2,021.

Chris Merritt/VRTAC-QM: So here is a simple visual representation of the last 3 definitions that we went over. You can see that the period of performance and the budget periods have the potential to be extended into a carryover. Timeframe.

Chris Merritt/VRTAC-QM: the Federal fiscal year of appropriation will not change.

Chris Merritt/VRTAC-QM: and an important item to note is that period of performance. Here this definition applies to the Federal award dollars.

Chris Merritt/VRTAC-QM: the non-federal share or your match

Chris Merritt/VRTAC-QM: and program income. So all 3 fun types must follow this period of performance rule.

Chris Merritt/VRTAC-QM: So let's talk now about financial obligations.

Chris Merritt/VRTAC-QM: So this is the definition that comes from 2 Cfr 200.1 that says a financial obligation is an order placed for property services, contracts, and sub awards and similar transactions that require payments.

Chris Merritt/VRTAC-QM: just to know if VR program does not permit subboarding. But other programs within the Rsa umbrella do so. That's why it's included here.

Chris Merritt/VRTAC-QM: So the take away from this slide is that a financial obligation occurs when orders are placed.

Chris Merritt/VRTAC-QM: not at the time of payment and or at the start of a service. And we'll get into this more in detail in just a minute.

Chris Merritt/VRTAC-QM: Okay, on liquidated financial obligations.

Chris Merritt/VRTAC-QM: The basic definition here is that you have an UN liquidated, UN liquidated financial obligation. When you have placed the order for goods or services. but it has not been paid yet.

Chris Merritt/VRTAC-QM: There's a difference for cash basis versus a cruel basis cash basis means the order is place, but not yet paid

Chris Merritt/VRTAC-QM: accrual basis to find it as the obligation that has been incurred, but not yet recorded.

Sarah Clardy/VRTAC-QM: Chris. Just one thing we might mention on that one that I've heard from some States notice that even despite whether a State is on cash basis or a cruel basis, either way, we consider those unliquidated obligations. And that's going to factor into a discussion we're going to have later about how this translates to reporting. So it doesn't matter if the state

Sarah Clardy/VRTAC-QM: is cash basis or cruel basis. We are still looking at those outstanding obligations, those liquidated obligations, and we have a responsibility to track those and include them whenever we're doing reporting.

Chris Merritt/VRTAC-QM: Thank you. That's a very good point.

Chris Merritt/VRTAC-QM: Okay, on liquidated balance. The next definition. So this is simply the amount of funding that has been awarded, but not yet obligated

Chris Merritt/VRTAC-QM: to find this balance. You add together your expenditures with your on liquidated obligations. those things that are ordered, but not yet paid. and subtract that amount from your cumulative funding. The Rsa. Has authorized for a given period of performance.

Chris Merritt/VRTAC-QM: So it's it's just a little math problem.

Chris Merritt/VRTAC-QM: Okay, our next definition is, carry over

Chris Merritt/VRTAC-QM: section 19 A and B of the Rehab Act of 1,973 allow States to carry over Federal funds which were not obligated or expended during the Federal fiscal year of appropriation.

Chris Merritt/VRTAC-QM: so that State agencies may obligate and expand during the subsequent Federal year, Federal fiscal year of appropriation.

Chris Merritt/VRTAC-QM: provided that the match requirement is met. This means you can carry over any Federal funds that are remaining as long as they have been matched.

Chris Merritt/VRTAC-QM: That will be important when we get into some later discussions.

Chris Merritt/VRTAC-QM: Okay, that's the definitions. And now we're back over to Sarah for financial obligations.

Sarah Clardy/VRTAC-QM: Okay, we can go to the next slide, please.

Sarah Clardy/VRTAC-QM: So let's talk about when a financial obligation occurs. And and this slide says, When does the ch chain occur. This is really important. And if we look at the climate across the nation and where V, our agencies sit, it's really important that each agency for themselves. Take a look at how their obligations are managed.

Sarah Clardy/VRTAC-QM: And that's that matters and is impacted by the organizational structure that we that we live in. So

Sarah Clardy/VRTAC-QM: currently, we have a lot of agencies, and especially host Wi, we have a lot of agencies

Sarah Clardy/VRTAC-QM: VR agencies that are sitting within larger departments that are maybe workforce based

Sarah Clardy/VRTAC-QM: department of Labor, Health and Human Services, who are supported by their designated State agency. So that Department, whether it's labor, health and human services workforce. What have you?

Sarah Clardy/VRTAC-QM: So in a lot of situations, they are supported at a higher level by administrative units. So maybe that's the budget unit, the accounting unit procurement. You know, all those administrative, those shared services. And we really saw

Sarah Clardy/VRTAC-QM: in the last 10 years a shift toward that model, a lot of agencies. A lot of States, for that matter.

Sarah Clardy/VRTAC-QM: move to more of a consolidated effort where those shared services were pulled together, and so in some instances we are supported by that that department administrative unit. It's really really important to understand that under

Sarah Clardy/VRTAC-QM: our VR Award, we are under us department of education

Sarah Clardy/VRTAC-QM: and because we are funded through Us. Department of education, we have very specific rules in requirements under education that we must follow when we talk about obligations. So when we go out and work under our ta hats or technical assistance, T, we work number view we worked with.

Sarah Clardy/VRTAC-QM: It's important for us to understand what the dynamics are in your State, because we've seen a lot of age, a lot of situations where agencies are sort of

Sarah Clardy/VRTAC-QM: moved toward standards that are more labor specific department of labor standards look very different than education, and in some kind sometimes. it's completely sort of ignored or disregarded that we have under education, and you can see on the slide here the Education Department

Sarah Clardy/VRTAC-QM: general administrative regulations we refer to as Edgar that there's not a person at there is a thing here, and under those general administrative regulations we have a responsibility and a duty to carry out the requirements that are under that apply to financial obligations.

Sarah Clardy/VRTAC-QM: So again, for those of you who have worked with us. And there's many of you on today. I'm glad to see you here. We talked a lot about 34 Cfr. 76.7 0 7.

Sarah Clardy/VRTAC-QM: Some of you are probably saying that in your sleep so 34

Sarah Clardy/VRTAC-QM: cfr.

Sarah Clardy/VRTAC-QM: 76.7 0 7 provides a chart and outline, and we're going to look at these different categories.

Sarah Clardy/VRTAC-QM: But it provides a chart that specifies when financial obligation is considered made.

Sarah Clardy/VRTAC-QM: not under labor, not under health and human services, or any other Federal department standards, but under Edgar under Department of Education. When does that financial obligation? When is it considered made? And then that drives the rest of our discussion today? So how we track, how we record, how we report all of that is is important to follow in addition to. And we're going to talk about our technology systems.

Sarah Clardy/VRTAC-QM: all of the the constructs of those technology systems, how they are set up, how they're maintained. how they support all of our accounting and procurement efforts have to follow 34 cfr. 76.7 0 7.

Sarah Clardy/VRTAC-QM: So the chart and the outline of the categories that we're going to look at the cost categories, we're going to look at the basis that we use to assign those financial obligations to the our funding. So if we have folks with us today who have not worked with us before under the technical assistance centering. So this is the first time that maybe you're hearing information specific to period of performance. As we're going through these different cost categories, we always challenge the folks that we work with

Sarah Clardy/VRTAC-QM: think about your own systems. And when I say systems, look at your processes, think about the technology systems that we use and and kind of think through that as we talk through these different categories. And then, if there's a whole or a place where maybe some technical assistance is needed, or something needs to be reviewed or looked at. Jot down a note. Keep kind of a running list as we go through the information today, because sort of to normalize this across the board.

Sarah Clardy/VRTAC-QM: lots of agencies are struggling with period of performance right now.

Sarah Clardy/VRTAC-QM: But it's possible to write size this. And so again, a number of you we're working with on that right now.

Sarah Clardy/VRTAC-QM: in addition to the Federal standards. While that's important. we also have to take into account your State

Sarah Clardy/VRTAC-QM: specific laws, regulations, and policies and procedures as applicable. So we all know, under 2 Cfr. 200, under uniform guidance. Procurement is delegated to the States. However, that doesn't mean that the Federal requirements just go out the window.

Sarah Clardy/VRTAC-QM: We have to look at a way to to work within both spaces and to coordinate both of those areas. And so that's where we come in from a technical assistance standpoint. It's also where ours is a financial management specialist. And so some of you may be working directly with your financial management specialists. And and that's certainly okay, too.

Sarah Clardy/VRTAC-QM: So we're going to look at the Federal regulations, we can move to the next slide. But we're also going to be thinking about. What are those state level requirements that we also have to take into account. And we're going to touch on some of those as we go through these these different categories and through all the considerations within the training.

Sarah Clardy/VRTAC-QM: Okay.

Sarah Clardy/VRTAC-QM: the first category within 76.7 7 is the acquisition of real or personal property.

Sarah Clardy/VRTAC-QM: Now, as we go through this list, you'll notice that there is a running theme, and you'll see some language that tends to repeat as we move through this. And this is where we start to bring in those State level requirements as well.

Sarah Clardy/VRTAC-QM: So for real or personal property.

Sarah Clardy/VRTAC-QM: the obligation is made on the date, the State. I'm going to put parentheses around sub-grantee. We do not said we're not permitted to sub-

Sarah Clardy/VRTAC-QM: under the VR Award, but there are other Federal grants, of course, that

Sarah Clardy/VRTAC-QM: that's permissible. So we have to make sure that within each program that we're working with, we know what that requirement is. So on the date, the State makes a binding written commitment to acquire the property.

Sarah Clardy/VRTAC-QM: Now this can look different from state to state, depending on what your procurement rules, how those are set up. And this becomes a very specific conversation that we have with every state that we work with. We never go in and say, Okay, it. It's this or it's that.

Sarah Clardy/VRTAC-QM: although, again, sometimes there is a little bit of discrepancy between the Federal requirements in the State, so we have to figure out how to coordinate those 2.

Sarah Clardy/VRTAC-QM: But nonetheless, in your state, when something becomes a binding written commitment, it's on that date that the obligation occurs.

Sarah Clardy/VRTAC-QM: Typically what happens? Because we have contract processes, we have procurement rules and things that we have to follow. But in most instances, because we are dependent on technology. And we want to use technology and a lot of instances, we have a purchase order. Okay, if we put it into real life examples.

Sarah Clardy/VRTAC-QM: most accounting of procurement systems have purchase orders or some vehicle. I'm going to use that term that books and encumbrance to our technology system. It's it's a formal way of tracking and recording that particular obligation.

Sarah Clardy/VRTAC-QM: Okay? And if we think about on our case management system side, because as we work through this discussion, we have 2 different considerations. For the most part we have our activity in case services. It's driven through our case management systems and then on the statewide accounting system. We have pretty much everything else.

Sarah Clardy/VRTAC-QM: Okay? So while I mentioned on the statewide accounting system, we would have

Sarah Clardy/VRTAC-QM: like a purchase order, for instance, on the case management system side we're gonna have. I'm going to use the term authorization as a universal term across the board when we commit to goods or services

Sarah Clardy/VRTAC-QM: on behalf of an individual that we serve, we are entering into an authorization.

Sarah Clardy/VRTAC-QM: And so those authorizations we should be able to have

Sarah Clardy/VRTAC-QM: the right information to determine. When did that authorization get approved? When was it final? And on that date that's when that obligation occurs. So again, if you haven't worked with us before, it's it's very much an in-depth conversation to understand your state requirements and how they fold into the Federal requirements. But nonetheless, we're looking for that date that the States, making that binding written commitment.

Sarah Clardy/VRTAC-QM: The second category is personal services by an employee of the State, and that is recorded and in considered obligation made when the services are performed.

Sarah Clardy/VRTAC-QM: So in a lot of these, when we talk about some real life examples to demonstrate how the rules are applied, we look at the end of the Federal fiscal year. And so, for all of our agencies, there should be a way to internal controls in a way to navigate through processes and policies, procedures, internal controls, so that we're managing the awards and the funding under those awards accurately.

Sarah Clardy/VRTAC-QM: And when we get to the end of the Federal fiscal year. We're going to talk a little bit about Federal fiscal year, and a little bit later, so kind of tuck that on the back burner.

Sarah Clardy/VRTAC-QM: But when we look at the end of the Federal fiscal year, we have to have something in place to navigate through all these categories and for personal services. It's really key when that new Federal fiscal year rolls around. So when we're in October that we are looking at our obligations through the lens of 76.7 7, and not something else. So let me give you an example.

Sarah Clardy/VRTAC-QM: Let's say we have a payroll that is cut or issued on October the tenth

Sarah Clardy/VRTAC-QM: And let's say that the

Sarah Clardy/VRTAC-QM: the range of services employees services that that covers goes through September 30.

Sarah Clardy/VRTAC-QM: So we're getting paid on October the tenth

Sarah Clardy/VRTAC-QM: But the services were provided by the employees within September.

Sarah Clardy/VRTAC-QM: We could not charge that. Let's say, we're moving into this year this Federal fiscal year 24.

Sarah Clardy/VRTAC-QM: We couldn't charge that to Federal fiscal year 24 on October the tenth, because in September we didn't have authorization to utilize those 24 funds. Yet.

Sarah Clardy/VRTAC-QM: So we have to look at what

Sarah Clardy/VRTAC-QM: What funding sources do we have available that covers that timeframe. For when the services are performed? That's what drives the to chain.

Sarah Clardy/VRTAC-QM: Okay for personal services. The third category is personal services by a contractor who is not an employee of the State.

Sarah Clardy/VRTAC-QM: And again, you'll see this familiar language on the date on which the State makes a binding written commitment

Sarah Clardy/VRTAC-QM: to obtain the services. So for this one.

Sarah Clardy/VRTAC-QM: an example of this would be a temporary help. So if we have

Sarah Clardy/VRTAC-QM: a contract, if you will, with a temp agency, who provides a pool of of in staff or or resources to assist us, let's say, maybe at the front desk.

Sarah Clardy/VRTAC-QM: or with some supportive services in the field. We are going to consider that obligation on the date that the State made that finding written committed to obtain those 10 services. So if we write a contract

Sarah Clardy/VRTAC-QM: in September

Sarah Clardy/VRTAC-QM: for that particular work, then we're looking at the date that we made that agreement. And again, a lot of times we look at what's the vehicle that you use to record that obligation.

Sarah Clardy/VRTAC-QM: so that we have a way to track, record and report. So maybe it's that purchase order and the date that that purchase order is approved and those funds are

Sarah Clardy/VRTAC-QM: committed if you will.

Sarah Clardy/VRTAC-QM: And so again, we would look at that date that that obligation is made, and we would consider, what funding do we have available currently in order to make that obligation.

Sarah Clardy/VRTAC-QM: So again, if we use some real life examples, as we kind of work through all of these, if we may make that contract or enter into that contract, and we have a purchase order in September. If we have some funds that are left over from carry over in this year. So

Sarah Clardy/VRTAC-QM: Or we're moving into Kerrio, let's carry over. Let's say that. So Federal fiscal year 23, we know we're going to have funds, and we know we're going to be in the position to meet carry over. We're going to look at those conditions. Then we could go ahead and and

Sarah Clardy/VRTAC-QM: obligate those funds against the 23 award.

Sarah Clardy/VRTAC-QM: Now we have to be careful. We're going to. We're going to get into this a little bit later, but we also have to be careful about looking at all those funds that are available, and when that particular services going to liquidate. So for in September. Initially, I started leading off with Carry over well, the 22 carry over

Sarah Clardy/VRTAC-QM: is going to enter into a liquidation phase on October. The first doesn't mean that the services can't cross over, but they would have to be completed, and payments would have to be made. Everything closed out with 120 days. So we have to think about that contract. How long is it going to live? What is the degree of funding and the time commitment that is necessary for that particular cost category.

Sarah Clardy/VRTAC-QM: The fourth category is performance of work other than personal services, and I often group case services into this field. It it's those services that that we are offering on behalf of the individuals that we serve out in the field.

Sarah Clardy/VRTAC-QM: And again consistent with the language that we've seen on the date on which the State makes a binding written commitment

Sarah Clardy/VRTAC-QM: to obtain the work. One of the largest

Sarah Clardy/VRTAC-QM: ticket items that we have from a financial sense under the VR program.

Sarah Clardy/VRTAC-QM: It is our client services, our our consumer services, or whatever the terminology is. That's specific to your agency. that that field work. All of those authorizations that are being cut on behalf of our consumers falls largely within this category. And so then we get into a very separate discussion.

Sarah Clardy/VRTAC-QM: So we've been talking about more administrative type cost categories thus far, and we've been talking about the statewide accounting system, and we have considerations to make sure that we have a way to track, record and report those obligations. Now we're going to shift over

Sarah Clardy/VRTAC-QM: and look at our case management system. Not that any of the work within this fourth category couldn't also be administrative and wouldn't be a consideration of the statewide accounting system. It absolutely would.

Sarah Clardy/VRTAC-QM: But we also have to take a deep look at how is our case management system set up in order to accomplish this?

Sarah Clardy/VRTAC-QM: So when we are issuing authorizations, and whether whatever terminology that we use, that that authorization is approved or issued, or whatever is the terminology or the functions that you use within your system. We have to have a way to be able to determine when we are entering into that arrangement.

Sarah Clardy/VRTAC-QM: And so then, at that point we are not just saying. And we're going to get into this again a little bit later. But we're not just saying we're getting entering into this obligation today in this State fiscal year.

Sarah Clardy/VRTAC-QM: or in this Federal fiscal year, which is what we see a lot

Sarah Clardy/VRTAC-QM: when we start working with the State, they say, well.

Sarah Clardy/VRTAC-QM: all of our authorizations this year happened within Federal fiscal year 23. Well, that's accurate, but we have to go deeper than that. We have to be able to determine under a fund accounting standpoint, and under all of those those rules and regulations that we have, in addition to 76.7 0 7,

Sarah Clardy/VRTAC-QM: we have to be able to determine which award. What's the fund source that that particular obligation is being tied to?

Sarah Clardy/VRTAC-QM: And again, for those of you who were at the Csvr Conference. I talked a lot about this. We're we're sitting in a place right now where I think we have a lot of room to grow in terms of how we're using our technology and on the most cases, on probably every single case when we're providing technical assistance and helping a state work through period of performance. That's one of the overarching issues that we have to tackle right out of the gate.

Sarah Clardy/VRTAC-QM: Because if we think about our reporting requirements on the back end when we are providing and in producing

Sarah Clardy/VRTAC-QM: the Rsa. 17. And we are noting. These are the unlimited obligations. In other words, here are the outstanding authorizations that are pending in our case management system. We have to be able to determine and report how much of those obligations go toward

Sarah Clardy/VRTAC-QM: the 22 award, which is in a carryover status right now, potentially, if your State met the carry over requirements.

Sarah Clardy/VRTAC-QM: how many of those and liquidated obligations belong to the 23 award.

Sarah Clardy/VRTAC-QM: Okay? And then if you have non-federal share, that's also running through your case management system. And that adds another layer of consideration. So it's not enough just to say

Sarah Clardy/VRTAC-QM: that today, I'm issuing an authorization. Okay, so today is the date that the State is making binding written commitment, and it happened just within Federal fiscal year 23. Hence that's how most of our case management systems are naturally established. We have to be able to take it deeper and be able to manage the funds individually

Sarah Clardy/VRTAC-QM: as they apply

Sarah Clardy/VRTAC-QM: so a little plug for a tool that we have available, and we rolled out at Csvr. There's lots of considerations in our case management systems about how we manage this piece, and we can provide a direct link to that tools, lots of considerations. largely around an internal control standpoint. How to manage this. Within your case management system.

Sarah Clardy/VRTAC-QM: The fifth category is public utility services, and that is on the That's when the State receives the services. So again, I'm going to use that September October timeframe. And, by the way, Rsa comes in for a monitoring. As they look at your your processes, your policies, procedures, and your internal controls. They're going to look to see. How do you manage this

Sarah Clardy/VRTAC-QM: at the end of the State, this per Federal fiscal year, and at the beginning of a new Federal fiscal year? Because it's very telling in terms of whether or not the Br agency is complying with the terms of 76.7 7.

Sarah Clardy/VRTAC-QM: So if we have utility Bill, let's say it's for the electricity at the beginning of October, and that was for services that were rendered in September.

Sarah Clardy/VRTAC-QM: We could not charge that particular obligation to

Sarah Clardy/VRTAC-QM: the Federal fiscal year 24 award, we would have to use funding that was available in in September. Okay? And then I'm going to skip over Number 6, and then loop in the rental of, or real personal property, because a lot of times the leases and utilities kind of run together, and some instances they might be on the same purchase order. And so if we're looking at obligating those in advance, then we also have to be considerate of

Sarah Clardy/VRTAC-QM: the funding that's available in terms of when the State is using the property

Sarah Clardy/VRTAC-QM: or receives the services, and under Category 7, the rental of real or personal property. It is when the State uses the property, and I know a lot of agencies will book the encumbrance upfront for leases. Perhaps it's done at the State fiscal year. maybe it's done for the Federal fiscal year. But again, we're we're mindful of when the State's going to use that property in terms of where we're we're booking that obligation.

Sarah Clardy/VRTAC-QM: And then Category 6. I'm going to loop back up is a travel. Keep in mind. These are the administrative regulations under us department of education. And so when we look at this category of travel, we're talking about employee travel, we get the question often does this apply to clients travel. It does not. Okay. We're looking at administrative purposes

Sarah Clardy/VRTAC-QM: and for travel. It's according to when the travel is taken again, I'm going to go to September, October timeframe. That's our litmus test. That's where we determine if our policies, procedures, and internal controls satisfy what 76.7 or 7 says in that is, if we are paying expense accounts in October for travel, then employees have taken in September. We aren't going to book those to the new Federal fiscal year 24 award this October

Sarah Clardy/VRTAC-QM: we're going to instead. Look at. When was that travel taken? Was it in August? Was it in September? What was the funding that's available. Then. okay, so you can see with all of these categories and all the different moving parts and pieces we have to have a couple, we have to have a couple of things in place more than a couple of things. Number one, we have to have technology systems that support the ability to track, record, or report all of these.

Sarah Clardy/VRTAC-QM: We also have to have policies, procedures, and internal controls in place, so that we navigate the agency through these requirements systematically and and provide that assurance that we're booking obligations accordingly.

Sarah Clardy/VRTAC-QM: And then we have to communicate that, of course, to our staff.

Sarah Clardy/VRTAC-QM: We also have to have what we talked about a lot at the Csvr Conference. We have to have a spending strategy. and you'll notice through a lot of these categories. I talked a lot about

Sarah Clardy/VRTAC-QM: that September and October timeframe. So we have to have a plan going into a Federal fiscal year in in terms of how we're going to manage those funds and those resources we're going to get into a discussion about carry over

Sarah Clardy/VRTAC-QM: carry over is an excellent strategy to use when navigating that Federal fiscal year end, and that new Federal fiscal year where we straddle the line between 2 different Federal grants. A lot of agencies use, carry over

Sarah Clardy/VRTAC-QM: throughout that transition into the New Year, where everything is for the most part is charged or obligated against. Carry over until we get a little bit into the Federal fiscal year and then can start using the Federal award. Some agencies aren't able to use the Federal award until the actual grant award notification is in hand, and you might have some state processes that

Sarah Clardy/VRTAC-QM: require some special situations in terms of how you manage that. So again, a lot of you we've had this conversation with, and we've done some work in your State. If you are new to us today, and this per your ears. And you thought if even one category is

Sarah Clardy/VRTAC-QM: maybe something that you want to talk about, we can certainly we could certainly help you work through that.

Sarah Clardy/VRTAC-QM: And I case we, I'm going to stop for just a moment because we have chat. I think, yeah, we do. We have a question from Steve.

Chris Merritt/VRTAC-QM: Okay? And it's all about. Carry over for Category 3.

Sarah Clardy/VRTAC-QM: If we were to issue an authorization in September 2,023, for services that will begin in October 2,023.

Chris Merritt/VRTAC-QM: Do we need to specifically identify that Federal fiscal year 23. Carry-forward funds are being obligated? Or is this still an obligation tied to the original Federal fiscal year 23 award.

Sarah Clardy/VRTAC-QM: This is an excellent question, and always kudos to folks who are right have to throw out questions, because I promise, if you have the question in your head, chances are really likely that somebody else does as well. So don't be shy for all the questions at will answer them to the best of our ability.

Sarah Clardy/VRTAC-QM: So the question that Steve has is really talking largely to I keep using the term fund counting, and that's what we are looking at doing. We have to manage all of the different levels of funding that we have, whether it's the Federal award.

Sarah Clardy/VRTAC-QM: which Federal award we're working with. And again, we have multiple awards during throughout the year. We may have 3. Okay, at the beginning of a Federal fiscal year. Just to demonstrate this year we're going to have 22 carry over award from this year, moving into a liquidation phase. There are 120 days to liquidate the Federal award.

Sarah Clardy/VRTAC-QM: We will have 23 carry over, provided the State met. Those carry over conditions. So that's grant number 2, and then we have the new award Federal fiscal year 24.

Sarah Clardy/VRTAC-QM: In addition to that, we also have our non-federal share. Okay to meet match and a maintenance of effort. And then we also have program income

Sarah Clardy/VRTAC-QM: considerations. So we have a whole lot of funds that we're trying to manage and juggle at the same time it is absolutely imperative when we are recording and tracking and reporting obligations, that we are able to determine which of those funding sources those obligations belong to, and not just because we're required to under the Rsa. 17

Sarah Clardy/VRTAC-QM: reporting requirements. But also when we talk about spending strategies. And what is your fiscal forecasting look like

Sarah Clardy/VRTAC-QM: being able to track, record, and report that down to those levels also help us identify. What is the financial position of the agency. Where are my grant balances? Where do my own liquidate authorization stand which also can tie into a whole lot of considerations on the case service side in terms of what does it look like? cost wise to provide case services so that we can make decisions and navigate within that space?

Sarah Clardy/VRTAC-QM: If you're a State that's in order of selection. It's also necessary to use information at this required level so that we can manage the resources, the financial, the staff resources all of those considerations that go into managing order of selection. So it's it's not just from a Federal reporting standpoint, although that's very important. We have to be able to do that.

Sarah Clardy/VRTAC-QM: It's also very important for our own internal management purposes, to be able to manage the program, be able to know where we stand from a fiscal standpoint.

Sarah Clardy/VRTAC-QM: So to answer your question, that's a long way around it. yes, in September, if you have services that are going to begin October of 23, and you are assigning that obligation to 23. You couldn't to 24, because 24 funds aren't available yet.

Sarah Clardy/VRTAC-QM: But if you're going to assign that to 23 there has to be some way of tracking that and recording that. And so if we are looking at our case management systems, our case management systems have to be sophisticated and those fund, those fund well have to be established in a way that for every authorization, because we're looking at this through a transaction lens.

Sarah Clardy/VRTAC-QM: Okay, every transaction counts. So we're not looking at managing this in the aggregate in a pool of

Sarah Clardy/VRTAC-QM: for every transaction that falls within these categories we have to have a way to capture which funding source is being applied to that obligation, and then I call it, follow the leader. All activity throughout the life cycle of that obligation has to follow soon.

Sarah Clardy/VRTAC-QM: So if I'm cancelling, it has to be canceled against that that award or that fund source if I'm amending, and we have to be careful with amendments. That's another conversation we have to take into consideration. actually, a whole lot of things. If we're liquidating.

Sarah Clardy/VRTAC-QM: then the liquidation has to come from that particular fund source, and that's where we see a lot of the breakdown. I'll just say this before we get further, we and talk about this a lot. If I were to say there's a couple of fundamental concerns in the way we manage our finances within the case management system, which, by the way.

Sarah Clardy/VRTAC-QM: never really intended to be financial systems. But there tends to be 2 things happening. Number one. We're not assigning obligations to it. A particular fund source. We're only saying the obligations occurred in this year.

Sarah Clardy/VRTAC-QM: Okay, that's number one.

Sarah Clardy/VRTAC-QM: The second piece is when we are making payments, whether it's through a batch process, through interface or making payments. There's a disconnect because we don't have an obligation assigned over here because we only said it happened within this Federal fiscal year that each authorization doesn't have a fund source that it's tied to. So we're deciding at the time of payment at the liquidation, the point of liquidation we're making the determination. Well, I think today we're going to pay from.

Sarah Clardy/VRTAC-QM: I can't pay from carry over today or.

Sarah Clardy/VRTAC-QM: Wow, carry over balance is getting kind of low. So tomorrow we're going to switch to spending out of 23, if we're deciding where things are paid from. In our case management systems at the time of liquidation or at the time of payment.

Sarah Clardy/VRTAC-QM: It's too late.

Sarah Clardy/VRTAC-QM: Okay, I'm going to say that it's too late. We have to have our system set up, and we have to be able to navigate through that whole process way earlier than that. And so if there's a number 1, one of the top 3 areas that from a technical assistance perspective, we live in a particular space with you all, it's in this particular one. How do we get our system set up to support? How do we build policies and procedures and internal controls that support this whole process.

Sarah Clardy/VRTAC-QM: Okay, that was a long-winded response. But lots of good information tied there.

Chris Merritt/VRTAC-QM: Okay, Sarah, we have another question.

Chris Merritt/VRTAC-QM: Yep, about Category 7, which is rental of real or personal property? Does renovation of a rental property prior to moving? Does that meet the definition of using the property

Chris Merritt/VRTAC-QM: and then clarifying from that is, their agency is paying for renovations prior to movement.

Sarah Clardy/VRTAC-QM: Okay, so I'm just gonna say a couple of things about this one. And this is one that I'd rather have a sidebar on, because there's other considerations that factor into this. There's prior approval

Sarah Clardy/VRTAC-QM: which we're not here to talk about necessarily today. there's also potentially establishment, which is also another big topic that we won't have time to get into today. And there's also some considerations for which funding we use and how we use that. So if I could lay out, I'm going to ask that we take that one offline, and if others have that specific question feel free to reach out to us. And we can have that conversation because it's

Sarah Clardy/VRTAC-QM: it's a long way around a lot of different other regulations and rules, and very specific to the state. So if we could say that one for a sidebar, that would be great.

Sarah Clardy/VRTAC-QM: Okay? Any other questions?

Chris Merritt/VRTAC-QM: No, I think everything else. Yeah, everything else been answered.

Sarah Clardy/VRTAC-QM: Okay, I have another question again. If you'd like to send a direct message because you don't want to put it out there in front of everybody. That's okay, too. We won't call anybody out. I do have a question that says, when the begin date of the authorization is in the future.

Sarah Clardy/VRTAC-QM: Does it still make the binding written commitments or the binding agreement when the authorization is for the future? That is a really good question, because in a lot of states we see that they're using the service start date. And by the way, some of our case management systems are organically designed to drive off of the service date. Okay? So the service state does not constitute when the obligation is made.

Sarah Clardy/VRTAC-QM: Now, the service date matters. I'm going to talk about that here in just a second, but for the purposes of tracking, recording, and reporting the obligations

Sarah Clardy/VRTAC-QM: for the authorizations, it's going to be when they are issued or when they are finally approved in the system.

Sarah Clardy/VRTAC-QM: Okay, so that's when our obligation starts. That's when the clock starts sticking. That's when we're on the hook for the whatever money we have attached to for that obligation. Now

Sarah Clardy/VRTAC-QM: keep in mind that within period of performance, and we're going to start diving into more of the specifics. After after this, when we look at the overall period of performance, remember, Chris, that it's that time interval between the start of the award and the plan end date. So I often use the goal post analogy. I'm a football mom. And so the goal post. Then we're looking at what's the start of that award? If we're planning on using carry over

Sarah Clardy/VRTAC-QM: and we're strategizing intentionally around that, then we know when, how far out we can obligate. Okay, if we're looking at non-federal dollars.

Sarah Clardy/VRTAC-QM: Okay? So there's differences between our federal and our non-federal share in terms of when we can obligate, we're going to get into that as well.

Sarah Clardy/VRTAC-QM: our non-federal share has to be obligated for this year's award.

Sarah Clardy/VRTAC-QM: by September the thirtieth. So it depends on what type of funding that we're looking at. But

Sarah Clardy/VRTAC-QM: we have to take all that into consideration whenever we're looking at that authorization service date to make sure that if we have internal controls in our system that manage how far out I can have a start date, or when I can issue an authorization again, that becomes a very state level, specific discussion. Because there's lots of parameters that revolve around the service States, they still matter. We still have to have those services.

Sarah Clardy/VRTAC-QM: within the period of performance, or moving toward liquidation, at least after the period of performance is over. So that matters.

Sarah Clardy/VRTAC-QM: And that's where I would point folks back to the tool that we delivered at Csdr. It's all those technology considerations for the case management system. So how far out can start date be? How far out can services end?

Sarah Clardy/VRTAC-QM: can I do a late authorization? What are the circumstances around that? What are the internal controls, all kinds of different considerations. So I would ask folks to to go out and and look at that, and kind of look again. Look at it through the lens of how are we currently doing it? And are there some holes that we need to pay attention to?

Sarah Clardy/VRTAC-QM: Okay? And then there's another question before we move forward on adjustments. Am I correct in understanding? We cannot change our authorization

Sarah Clardy/VRTAC-QM: to use all the Federal award

Sarah Clardy/VRTAC-QM: for the period?

Sarah Clardy/VRTAC-QM: So I'm not 100 sure, Brian. I might even ask if you would be willing to take yourself off of mute. Just so I can understand your questions. there is no problem with on an authorization.

Sarah Clardy/VRTAC-QM: tying all of those authorized goods or services to a particular Federal award. But I'm thinking maybe I miss something. So, Brian, would you be willing to?

Bryan Hiebert: Yeah, certainly. Yeah. So basically,

Bryan Hiebert: for instance, we're federally awarded 12 million dollars for the I think it's biennial.

Bryan Hiebert: you know, the the year and the carry over year, and by the end of the carry over year we want to use the entire amount. and we have a system that we

Bryan Hiebert: provide coding for that during.

Bryan Hiebert: you know, service the coding is basically hard coded. So we can't like change it after it's been set in the initial authorization

Bryan Hiebert: and adjust it to the other award I, for instance, we don't want to go over, either, you know. by, by the end of the year. And so a lot of times when we come up to the end of the Federal year.

Bryan Hiebert: we will, you know we'd make an adjustment So we don't go over the Federal award amount, or, you know, understandably

Sarah Clardy/VRTAC-QM: right? That makes sense. Yes, that makes total sense. So a couple of things here again, we're going to touch on some of this as we keep moving forward, but having a spending strategy and knowing how much we're going to put out in the case management system and make available for obligation is really important. I talk a lot. And again, for those of you who are at the conference. We talked about an attrition rate, knowing within my agency about how many authorizations are going to fall off

Sarah Clardy/VRTAC-QM: because the clients exit services. They don't need the maintenance or the job coaching, or whatever the thing is. We know that a percentage of our authorizations are not going to materialize. If I know for my agency that that I'm just going to use an example. Okay? And this is this is just an example. Let's say, 25 of my authorizations typically fall off.

Sarah Clardy/VRTAC-QM: Then I'm gonna put enough funds out in the case management system, not just up to maybe the 12 million dollars that we have available or whatever the amount is. But I'm gonna go higher than that, because, as the attrition as the authorizations fall off, then hopefully, I'm gonna land around that amount that I need to spend.

Sarah Clardy/VRTAC-QM: However, we're gonna watch that. So if we start seeing that you know, we're not gonna walk away from it and then come back and go. Oh, we're at 12.2 million, or we're at 11.9 million or something where we have to make those reactionary adjustments where we have to go in and move some things around a little bit about that in a second.

Sarah Clardy/VRTAC-QM: But we want to be watching that on a regular basis. We want to have internal reports that we can use to monitor that. So that as we start getting closer, we can hopefully avoid having those situations where there's a lot of authorizations that are over and above that amount that we have to spend.

Sarah Clardy/VRTAC-QM: If, however, we have to make some adjustments. I don't know if any way, in any of the case management systems currently where we have the ability other than or to to change an obligation other than to just simply cancel out the authorizations and then re-obligate.

Sarah Clardy/VRTAC-QM: Some of you have specific state requirements that you have to do a hard, close out, and then you have to do new obligations. Whatever the purpose of that is, we have to be super super careful about that, because we have to know, have the services already begun. All right. And again, a lot of agencies are on a cash basis. as far as the accounting basis is concerned. So

Sarah Clardy/VRTAC-QM: we don't look in the case management system. We're not able to see necessarily that. Oh, this services occur and we're just waiting on an invoice, and that services occur. We don't do that. I mean, we go through processes to keep authorizations clean more about on liquidated authorization later. But

Sarah Clardy/VRTAC-QM: By and large. If we're just taking a batch or authorizations and canceling them out delegating, or whatever your processes, and then re-obligating. Okay, if we're doing that in

Sarah Clardy/VRTAC-QM: October. Okay, we're moving some obligations to the 24 award. What happened to some of those obligations reflect services that actually began in 23. And so now we have a new obligation tied to 24 that money wasn't authorized. It wasn't available yet for those services that began in 23.

Sarah Clardy/VRTAC-QM: So a State can get in a real I see situation if we aren't careful about how we're doing those adjustments. So again, that would be something that would be a good sidebar, that we could have

Sarah Clardy/VRTAC-QM: a one on one discussion to look at. What are your state requirements, and what are your practices? And let's let's walk that around the bar and figure out what are your options there? But very, very good consideration.

Bryan Hiebert: Yeah, we also have payroll, you know. If you consider payroll, which we also allocate our payroll. And you know, I mean when you're when you start to talk about all these pieces that fit together. Right? You know it. It it it I mean, I I really don't see any way other than make an adjustment to to manage that effectively. But okay, I mean.

Bryan Hiebert: you know what I mean.

Sarah Clardy/VRTAC-QM: Washington. Okay, that might be a conversation that we want to have to help you kind of look at that overall spending strategy as much as we finish the funds to avoid a bunch of adjustments that can kind of make period of performance a little murky. we can do that. So if you want, let's have a sidebar, and we can dive into that with you guys a little deeper. Thanks for your question, though.

Sarah Clardy/VRTAC-QM: Yeah. Okay, next slide, please.

Sarah Clardy/VRTAC-QM: Okay. So now that we've talked about the when, when does the toching occur? Then we have to look at how is the financial obligation charged? And so there's a variety of considerations. And we have a lot of complexities to this Federal award, which.

Sarah Clardy/VRTAC-QM: again, is is little job security for us at the technical assistance center, and certainly for Rsa's financial management special specialists. But these are things that we really spend a lot of time working with agencies to to manage all together, and the questions that we're just asked is a good illustration of that. But where the obligations are charged is really a depends.

Sarah Clardy/VRTAC-QM: So if the agency is only planning on utilizing the funds during that initial Federal fiscal year of appropriation. Okay, that's the year that Congress appropriates the funds. It's the actual year of the Grant award. Okay, if that's the only year that that your agency is going to utilize the funds.

Sarah Clardy/VRTAC-QM: and you are not planning

Sarah Clardy/VRTAC-QM: to utilize, carry over, and I think across the nation there's probably less than a half a dozen

Sarah Clardy/VRTAC-QM: agencies that do not use carry over and I say carry over is is a really strong piece of a spending strategy. We have the ability to continue utilizing those funds in the in one additional year which can allow us to maximize the funds as opposed to at the end of year one just saying, Well, here's the balances left. We're just going to send that all back to the Us. Treasury that money is gone from, be our hands forever. So again, carry over is a good strategy.

Sarah Clardy/VRTAC-QM: I do know the state or 2 that maybe doesn't allow VR. To utilize the carry over period, and if you're in one of those agencies, I would encourage you to reach out to us and have a conversation. we've we've had that with some other agencies in in helped with some

Sarah Clardy/VRTAC-QM: educating and some communication to See how this fits into the overarching piece of managing VR. But, however, if your agency does not utilize, carry over, then, you have some limitations in terms of where you can charge obligations because you are limited to just that year. So you're going to have your non Federal match for that year. Of course, your Federal funds for that particular year, and you may have some program income and maybe some Ssa reimbursement.

Sarah Clardy/VRTAC-QM: If the State has met the carry over period conditions, and we can go to the next slide, Chris, if the State has met the conditions for carry over, then that opens up the

Sarah Clardy/VRTAC-QM: possibilities and the ability to utilize funds, as I mentioned earlier, utilization of carry over can be an excellent strategy for managing that cross from the Federal fiscal year end over to the new Federal fiscal year. As you're getting your new grant up and going. Maybe you're waiting on that grant award notification.

Sarah Clardy/VRTAC-QM: all of those things. And then again, all of those obligations that we had in that prior year that haven't been materialized. We have the ability to carry those over and and continue that work rather than doing that hard stop and start. So to recap the carry over requirements.

Sarah Clardy/VRTAC-QM: The State has to have had an unobligated balance of Federal funds at September thirtieth, the end of the Federal fiscal year of appropriation. So when you're preparing your Rsa. 17 for September the thirtieth.

Sarah Clardy/VRTAC-QM: in the year of appropriation.

Sarah Clardy/VRTAC-QM: and then the State has to have satisfied the applicable non-federal share for the match requirement, and notice that it says the State here. Not just the agency. Rsa. Looks at the State as a whole to determine if that match, and then, of course, maintenance of effort falls into that as well. If that's in that as a state.

Sarah Clardy/VRTAC-QM: Okay? And so when we're looking at Carry over, we're looking to see were the Federal funds that were obligated or liquidated during the Federal fiscal year of appropriation was the match met for that balance.

Sarah Clardy/VRTAC-QM: So anything that was obligated that's maybe still on liquidated, or anything that was obligated and later liquidated during the year all of that has to have had match met.

Sarah Clardy/VRTAC-QM: and then, secondly.

Sarah Clardy/VRTAC-QM: the unobligated balance of those Federal funds that we talked about under Rule Number One, that an obligated balance we're going to carry over to that subsequent Federal fiscal year that year, 2 of period of performance. We also have to have met match for that as well. Now, when we see when we say meet and match that can be at the end of year One. I've either

Sarah Clardy/VRTAC-QM: obligated the funds, and I still have a balance that's unliquidated, although I generally recommend, if you can avoid that and have everything spent and out the door, you want to do that we're going to talk about. Why, later on.

Sarah Clardy/VRTAC-QM: But if you have some unliquidated obligations tied to your match, that's okay. Provided you understand that there's a level of risk for being able to maximize those Federal dollars in year 2. And then I'm going to kind of leave a cliffhanger here because we're going to get into a little bit of that later. So first of all, we have to have an an obligated balance of Federal funds.

Sarah Clardy/VRTAC-QM: Then we have to have met match requirement for a the funds that we're obligated or liquidated during that Federal fiscal year appropriation and the an obligated balance of Federal funds that we plan to carry over to that subsequent Federal fiscal year

Sarah Clardy/VRTAC-QM: next slide, please.

Sarah Clardy/VRTAC-QM: Okay. And then this is just recapping what I had let off with. So if the State is not met, the requirements to carry over the Federal funds, then those obligations must be incurred by the end of the Federal fiscal year of appropriation. So by that fourth quarter.

Sarah Clardy/VRTAC-QM: and then they have to move to liquidation can be liquidated no later than 120 calendar days after the end of the Federal fiscal year of appropriation, and that is actually specified within the grant award notification as well.

Sarah Clardy/VRTAC-QM: So in that instance, we're looking at a one year period of performance. Most states, again, most States use, carry over and understand the the benefits and that ability to maximize those federal funds. So our answer, that depends, is going to be depending on whether we utilize. Carry over or not.

Sarah Clardy/VRTAC-QM: Okay. Next slide, please.

Sarah Clardy/VRTAC-QM: again. This is another reiteration. I kind of jumped ahead of myself a little bit again. If you're using, carry over, just keep in mind that that period of performance will be revised on your going to word notification, to reflect that carry over a year as being extended the thing to note, and this was a little bit of a shift where I came from. I've been in the V, our financial world for over 20 years. And it's 1 point we used to talk about the VR Award being a 2 year Grant.

Sarah Clardy/VRTAC-QM: And and that's how we talked about. That's how we plan. That's how we manage it. It's an automatic to your award. But it's not even if we are planning to meet the conditions of carry over and utilize that. Keep in mind that when that fourth quarter report is submitted to Rsa, they are looking to see if those conditions have been met.

Sarah Clardy/VRTAC-QM: and so, if those conditions are met, they will issue a new grain award notification that reflects that period of performance, that extension that one additional year. So when we look at Box 6 on the grain award notification, we will notice that it moves beyond that Federal fiscal year of appropriation. And we have one additional year. That's added.

Sarah Clardy/VRTAC-QM: So it's all conditional. Again, we plan and strategize around that. But note, that that's part of Rsa's responsibility with that fourth quarter report. I believe we have a question.

Sarah Clardy/VRTAC-QM: Okay, the questions to clarify. If State has 2 agencies for the beer program.

Sarah Clardy/VRTAC-QM: Both agencies will need to meet requirements for carry over. If one meets and the other one doesn't. Then this impact the agency that met match requirement to carry over. So what Sharon is speaking to is a dear colleague letter that was released by our

Sarah Clardy/VRTAC-QM: say within the last several weeks, and I will share with you. We've had a lot of questions from States regarding lots of different scenarios. If there are 2 agencies within within a State, how are we coordinating together. And I'm working with Rsa right now on some, maybe some tools or resources or communication that we can help states through this. The thing to note is this, because I know it's created a little bit of concern.

Sarah Clardy/VRTAC-QM: agencies have been managing and working toward carry over for a very long time, and we haven't seen very many instances where a State thought they'd met carry over, and was positioned to do so to later find out that they did not. So

Sarah Clardy/VRTAC-QM: this just requires a higher level of communication working together within the agency to manage and and figure out where each agency is. If one State. I'm sorry for one agency within the State

Sarah Clardy/VRTAC-QM: is not planning to utilize carryover that doesn't necessarily kick the other agency out of the running where they can't use carryover.

Sarah Clardy/VRTAC-QM: And so you could have again within the State one agency that does carry over in one that does not. But there has to be a level of communication, so that through the reporting process, so there's no accounting adjustments that are pro anything that is, process doesn't then jeopardize that other agency from

Sarah Clardy/VRTAC-QM: meeting carry over. But again, if we continue doing what we've been doing all these years. But we're communicating okay and making sure that that collaboration is there, we shouldn't have a problem continuing to meet that, and that would be one. If you have a specific, unique

Sarah Clardy/VRTAC-QM: situation or whatever, I would strongly encourage you to reach out to your financial management specialists at Rsa and have a discussion with them. But, like I said, we are We are recognizing that there are states that have questions around this. And we're considering some different ways that we can support you through that.

Sarah Clardy/VRTAC-QM: Okay. all right. Next slide, please.

Sarah Clardy/VRTAC-QM: Okay.

Sarah Clardy/VRTAC-QM: so the fundamental challenge we get chat out of the way.

Sarah Clardy/VRTAC-QM: So the fundamental challenge is this. So when a state uses the carryover period, and again, most do keep in mind that the Federal fiscal year of appropriations, new Grant award has begun on October the first, and runs parallel to the carry-over period. So in effect, it's like I demonstrated earlier. In effect, the State will be managing 2 Federal awards simultaneously, and at the beginning of the Federal fiscal year. You

Sarah Clardy/VRTAC-QM: we will have 3, because you have the oldest grant in a liquidation. phase, which means, then, that our technology has to be able to support those awards in the different period of performance.

Sarah Clardy/VRTAC-QM: again, the goal post that we have to manage those within. So it doesn't matter if we're talking about the statewide accounting system. Or if we're talking about the case management system

Sarah Clardy/VRTAC-QM: either way, we have to have an ability to know within those different funding sources, those different awards? Where do my obligations fall?

Sarah Clardy/VRTAC-QM: What are the ones at the beginning of the year that are moving toward a liquidation phase? How are we making sure that we're not booking new obligations, new authorizations against that that award that's moving into liquidation. So for this year on October the first, then that would mean for that Federal fiscal year 22 award

Sarah Clardy/VRTAC-QM: we're in carry over right now.

Sarah Clardy/VRTAC-QM: but on October the first that that particular award cannot have any new obligations. It is moving into that 120 day period of liquidation. So our systems have to be able to support that not allow new obligations that allow payments to come through, allow us to manage those authorizations, or purchase orders, or whatever close them out. But we have to have internal controls, to be able to limit the activity that's specific to that particular period of performance.

Sarah Clardy/VRTAC-QM: For our 23 award. On October the first, our 23 award, provided conditions are met.

Sarah Clardy/VRTAC-QM: can move into that carryover period. So now we have to look at what are the the existing authorizations or obligations that are sitting on that award. How are we managing that from October, first moving forward

Sarah Clardy/VRTAC-QM: and then making sure that

Sarah Clardy/VRTAC-QM: whatever is obligated there will be in a position to move into liquidation at the end of the next. This tier. Okay? So you only have one year left, making sure that we don't have services attached to that carry over year that are 2 years in length. We don't have that much time left.

Sarah Clardy/VRTAC-QM: and then for the new Federal fiscal year 24 award. And how are we managing that? Okay? So while carry over is definitely part of the strong spending strategy while it's definitely part of an overall grants management. strategy. It does require very sound practices

Sarah Clardy/VRTAC-QM: and use of technology to make sure that we have all of this. very su sync that we're able to track it. Record and report it.

Sarah Clardy/VRTAC-QM: Okay.

Sarah Clardy/VRTAC-QM: all right. Next slide, please.

Sarah Clardy/VRTAC-QM: Okay, so this would have been great when I started my illustration. Sorry, Chris. So this is an illustration of what I just share. So again, on

Sarah Clardy/VRTAC-QM: currently, we have. Let's use current year. we have 22 carryover, and then we have the 23 grant year that we're working within. Right now and then. We also have those state fiscal year. considerations. I'm going to put a plug in, and this could spin off to a little bit of a rabbit hole. But if if it's something that your State wants to work with us or your financial financial management specialist on.

Sarah Clardy/VRTAC-QM: we need to look at 2. What are your state requirements? I've only seen but a few states that have some very specific requirements around authorizing or procuring services on the case service side. where, and that requires a hard close out at the end of the State the school year. There are some agencies that have a hard close out on the Federal fiscal year, and by that I mean

Sarah Clardy/VRTAC-QM: staff are closing out everything that's on the system. Okay, typically, this is in the case management system. And then they're turning around and authorizing everything again on either July. That's your State fiscal year or October the first on the Federal fiscal year. Now, if you're working with us and some of you have, I will challenge any agency that's doing this. Do you have to do it this way?

Sarah Clardy/VRTAC-QM: And again, we have seen a couple where that has been a requirement of the State, and if that is a requirement we can help you S, through that. So it doesn't blow up period of performance. However, when we are doing this

Sarah Clardy/VRTAC-QM: mass de obligation and then re- obligating funds. It can get really Dicey where period of performance is concerned, and especially at the end of the Federal fiscal year in really the only way to do that in aggregate, to close everything out and re-alligate

Sarah Clardy/VRTAC-QM: as long as we're paying attention to those authorizations that are tied to that grant that's moving into liquidation period. So set those off to the side.

Sarah Clardy/VRTAC-QM: Everything else being closed out would then have to be re obligated really to carry over, because you couldn't have services that started this year in 23 that I'm closing out. And then I'm going to re-oagate that October one to 24, because the services were provided before the 24 funds for authorizing available for use.

So in essence, what we're doing is we're closing out authorizations under 23,

Sarah Clardy/VRTAC-QM: and we're re- obligating authorizations to 23. So in effect, we haven't done anything different in terms of our author authorizations, and that net effect to our awards.

Sarah Clardy/VRTAC-QM: So again, that that's something that we like to have a lot of conversation with the state around, just to evaluate. What are those internal controls around that process to make sure that period of performance isn't being

Sarah Clardy/VRTAC-QM: compromised in in any of those processes, of course, unintentionally

Sarah Clardy/VRTAC-QM: so. Again, this is. This is kind of the overarching challenge that that we meet through these requirements is to understand what are all those sources of funds? And how do we go about that in a way that preserves the integrity of each one of those those sources?

Sarah Clardy/VRTAC-QM: So then we're going to move to. I'm going to hand the mic back over to Chris, and we're going to talk about a way to track report and liquidate the financial obligation. So back to you, Chris.

Chris Merritt/VRTAC-QM: Thank you.

Chris Merritt/VRTAC-QM: Okay, so some of this will be a a little bit of a recap now, but a way to track report and liquidate the financial obligations.

It's kind of what we're all here for

Chris Merritt/VRTAC-QM: the overarching requirement. All expenditures incurred against a financial obligation must be documented, tracked, and reported by the States in terms of when the financial obligation was incurred.

Chris Merritt/VRTAC-QM: not when the liquidation in occurs, meaning when the payment is made.

So a few important things to note on this slide first. The first part of the statement documented, tracked, and reported

Chris Merritt/VRTAC-QM: from the beginning to the end. Every transaction must be documented and tracked and reported.

Chris Merritt/VRTAC-QM: This is fundamentally fund accounting the second part of the statement when the obligation was incurred, not when the payment was made.

Chris Merritt/VRTAC-QM: This means, from the moment the commitment was made to purchase the service or the item, it must be assigned to the correct fund source, and it must be documented, tracked, and reported against that same fund source

Chris Merritt/VRTAC-QM: all the way through the process until it has been paid out or canceled.

Chris Merritt/VRTAC-QM: and if there's a refund it must be assigned

to the same original fund that it was paid from

Chris Merritt/VRTAC-QM: this ensures that we are able to tie reporting requirements regarding on liquidated obligations on the Rsa. 17

Chris Merritt/VRTAC-QM: and so many other Federal reports that we have, as well as internal reporting and our spending strategies. This is critical to help us understand where we're spending. And when we need to switch to different fund sources.

Chris Merritt/VRTAC-QM: And that could be happening

Chris Merritt/VRTAC-QM: like Sarah was discussing earlier just right now, we're getting to the end of our Federal fiscal year. 22 funds are, are we spending enough on 23? You've got 24 about to come up, so you need to make sure you understand where everything is sitting.

Chris Merritt/VRTAC-QM: Think about.

Chris Merritt/VRTAC-QM: Yeah.

Sarah Clardy/VRTAC-QM: I have another. I have a question that came in direct. But go ahead and finish your thought. And then I'll ask the question, okay, my last, yeah, that's fine.

Chris Merritt/VRTAC-QM: a way to think about this in a little bit different sense is to think about each grant award as its own checking account. You need to ensure that expenditures or payments that are incurred in a specific period of performance are being paid from the correct checking account.

Chris Merritt/VRTAC-QM: So give each Federal grant award its own checking account and track it that way. That's that's one way to think about this in a little different terms. Go ahead, Sarah.

Sarah Clardy/VRTAC-QM: So I had another question that came in direct, and they said, What do you mean by spending strategy. And that is an excellent question, because we've mentioned that several times. So when we work with agencies, we encourage them to number one, know their financial position, which means what you have available in all of your grants.

Sarah Clardy/VRTAC-QM: What do you have available? And where do you stand? Where do you stand on all of your non-federal share resources. So what are your match resources? What is your maintenance of effort? Requirements look like? How are you navigating through that? But knowing what's the balance and all of my checkbooks, or my checking accounts, as Chris just alluded to.

Sarah Clardy/VRTAC-QM: and then having a plan so that come October first, you know where you're obligating against. Again, we mentioned earlier a lot of agencies are handling it when the liquidation occurs, so no decisions being made on that obligation until today, when that interface batch goes across to our data accounting system and we say, Pay this out of

Sarah Clardy/VRTAC-QM: you, know the carry over funds or pay this out of the current year, having a plan all year that says on October, the first obligations, whether they're administrative in nature and are handled through our statewide accounting system or

Sarah Clardy/VRTAC-QM: procurement system, or Hr system, whatever the cast category is and our case management system, knowing where are we going to book our obligations against.

Sarah Clardy/VRTAC-QM: And then what reports are we going to use to determine how often I need to look at this? So am I going to come back in a month and say, Okay, now, what is my financial position? Look like? What do my grant balances look like? Am I going to continue to obligate where I've directed everything, or has something changed, or I need to pivot? This becomes particularly important

Sarah Clardy/VRTAC-QM: when we're at the point in time that we are right now, as we're winding down to the end of the Federal fiscal year, and we're trying to fully expand that the carry over dollars

Sarah Clardy/VRTAC-QM: knowing where we're obligating against. We. We've had a lot of agencies lately that we've been working with, and particularly agencies that are returning funds. That will say, Why do you have such a large balance in your your expenditures, your obligations in your current year.

Sarah Clardy/VRTAC-QM: When you could have been obligating against your carry over to spend your carry over funds down. So again it's deciding my, am I going to continue all the against the carrier funds and spin those down as much as I can before I move to the current year. there's lots of considerations to make. And so then, at the end of the year, we see a lot of adjustments which can get a little messy sometimes, because again, we're we're dealing with this on a transactional

Sarah Clardy/VRTAC-QM: basis. And so all year long we need to know for every transaction. Where is it being directed? So that hopefully, by the end of the year we have a pretty good idea of where we stand. And and we can avoid having so many journal vouchers or adjustments. It also ties into those re allotment decisions that we're going to be submitting to Rsa. Within the next couple of weeks. It's it's having a pulse on our spending all year long and knowing where we're directing obligations

Sarah Clardy/VRTAC-QM: depending on which case management system or the state accounting system. So that's what we talk about when we talk about a spending strategy all year long. What is your plan? And who's involved in those decisions? What information are you using to inform the process and know where you stand?

Sarah Clardy/VRTAC-QM: Okay, respect to you.

Chris Merritt/VRTAC-QM: Thanks.

Chris Merritt/VRTAC-QM: Okay. Let's talk about where the rubber meets the road, a state agency must track each individual, find out financial obligation like we just discussed with a clear audit trail. This has to be start to finish, so that when an auditor reviews these.

Chris Merritt/VRTAC-QM: the auditor can see one. When the financial obligation was made to what Federal award it was assigned.

Chris Merritt/VRTAC-QM: 3. Any changes, the obligation incurred. That's amendments, modifications, or cancellations. any payments made against the obligation.

Chris Merritt/VRTAC-QM: and lastly, what the obligation balance is at any given time. That means in the case management systems

Chris Merritt/VRTAC-QM: and or the statewide accounting system.

Chris Merritt/VRTAC-QM: So let's think about how this works in your organization.

When is something considered obligated.

Chris Merritt/VRTAC-QM: Every category that Sarah went through earlier might have different answers. But you need to be able to understand them. All

Chris Merritt/VRTAC-QM: this applies to all types of expenditures, purchase orders, authorizations, contracts everything.

Chris Merritt/VRTAC-QM: When does your organization consider obligated? Is it when someone approves it. or when the work starts? Is it when the contract is signed.

and is that obligation assigned to a fund source right then? And there

Chris Merritt/VRTAC-QM: is the obligation amount held for that expenditure, so nobody else can spend those funds when it comes to time for payment. Is that obligation paid from the fun source that it was originally assigned to?

Chris Merritt/VRTAC-QM: Can we see that that transactional path clearly from obligation to payment.

Chris Merritt/VRTAC-QM: What happens when there's a refund? Does it get returned to the same phone source that it was originally paid out of. even if the Grant period is closed.

Chris Merritt/VRTAC-QM: There's a lot of questions here that need to be considered when you're talking about your period of performance and what

Chris Merritt/VRTAC-QM: your policies and procedures dictate about some of these things. What's your system of record that is tracking this process

Chris Merritt/VRTAC-QM: ideally, the technology systems that agencies are using will make this process easier, supposedly seamless by allowing rules to be established behind the scenes in your case management systems and your statewide accounting systems

Chris Merritt/VRTAC-QM: to prevent your obligations from violating the period of performance requirements.

Chris Merritt/VRTAC-QM: So again, there's a lot of questions that I asked here, and the key for you is to remember that you need to understand the answers.

Chris Merritt/VRTAC-QM: and if you don't know the answers you need to ask. If you do know, the answers, make sure you revisit these questions periodically, things change. Systems get updated, staff changes and may begin entering things differently than the last person, and that can really throw things off the whole

Chris Merritt/VRTAC-QM: period of performance. Track.

Sarah Clardy/VRTAC-QM: Chris, we have another question in

Sarah Clardy/VRTAC-QM: the question is, should we obligate all of our carry over funds before we begin obligating our current year match. If so, we may not begin obligating match until August or September, which may raise inquiries from the State Budget Office. This is a really really thoughtful question, and thank you for posing that because this ties into a very state specific

Sarah Clardy/VRTAC-QM: ere

Sarah Clardy/VRTAC-QM: what does this look like for your sources of funding. We have a large discussion around what are the sources, the non-federal sources that you have available for match? And what are the conditions around those particular sources of funds. For instance, some agencies have general revenue funds that are appropriated

Sarah Clardy/VRTAC-QM: on the Biennium, and they get all of those funds at the beginning of the 2 year cycle they're available at their discretion.

Sarah Clardy/VRTAC-QM: There are some agencies that are on an annual

Sarah Clardy/VRTAC-QM: a budget, and maybe those funds are only

Sarah Clardy/VRTAC-QM: provided to the are on some sort of a restricted cadence. For instance, maybe you only get those funds on a quarterly basis. So the answer to this question will become very specific to whoever it is that we're working with. And we want to understand how much flexibility do you have? What are those overarching

Sarah Clardy/VRTAC-QM: 40 bodies or or eyes that are on your money, and how you're utilizing? What are all those considerations to make? And

Sarah Clardy/VRTAC-QM: I've had a number of agencies that have just said we use. I'm going to use the term 5. So for any of my accountants that are here today. That means we know that means first in first out. And so some agencies have told us we use a five-fo basis. And so we just keep obligating against the carry over award until those those funds run out, and then we close the award. Well, that doesn't necessarily work. You probably will not close your

Sarah Clardy/VRTAC-QM: carry over award during the year. Because, again, if that's running through case services, it's going to ev and flow all year long, depending on those authorizations that are falling off on the back end. Now.

Sarah Clardy/VRTAC-QM: if you're using, carry over an administrative capacity, I know some of you do, then that might be a very different discussion. But nonetheless, if we're talking about case services, and we're just using that first and first out basis. But then, when that state money becomes available. Okay, everybody follow me here because this is where peer to performance tends to blow up. And it's when we typically handle it through the liquidation

Sarah Clardy/VRTAC-QM: manner rather than the obligation piece that we're talking about today.

Sarah Clardy/VRTAC-QM: So if we are obligating against carry over.

Sarah Clardy/VRTAC-QM: but then we come in and we have a million dollars in State general revenue resources that go toward our current year. 23 award. So then, we are paying 22 allegations with 23 match.

Sarah Clardy/VRTAC-QM: and that those non-federal dollars that that doesn't go with 22.

Sarah Clardy/VRTAC-QM: So then we have to have a way. And this question is very again very thoughtful. we have to have a way, then, in our spending strategy, and in the way we have our system set up to book, our obligations, record our obligations. Come October one. If we have to spend our state resources, and we have more restrictions or

Sarah Clardy/VRTAC-QM: considerations that we have to make with how we spend that we may have to shift on October the first, and and and obligate against the new 24 award on October, so we can build up that obligation balance so that we can use those new general revenue dollars to match the 24 award.

Sarah Clardy/VRTAC-QM: Okay, so there's a bunch of considerations. And Chris is going to move into even another piece of this, and I don't want to steal her thunder. But again, it's going to be looking at your agency. What is your funding? What it? What are your balances in your funds? How are you using your non-federal share? How are you managing that so we can come up with something that is very specific customized for you.

Sarah Clardy/VRTAC-QM: So we have another question.

Sarah Clardy/VRTAC-QM: Oh, I like this one. What options do we have? If a vendor comes years later, saying we owe them for past services.

Sarah Clardy/VRTAC-QM: Maybe they never invoiced, or perhaps an invoice was missed on the VR. Side. If programs don't have any state funds. Are there any alternatives?

Sarah Clardy/VRTAC-QM: Chris, do you want to take this one? Or you want me to answer.

Chris Merritt/VRTAC-QM: you can go ahead

Sarah Clardy/VRTAC-QM: Okay.

Sarah Clardy/VRTAC-QM: so this is another one that we get very passionate about. And we are working with a lot of agencies on. So there tends to be this a notion in some of the agencies that we work with among the vendor. Our provider community, that VR. Has endless amounts of money, and that money lives forever, and we can pull from that at any time. So again, that goes back to our internal controls. And when I talked about

Sarah Clardy/VRTAC-QM: while we are looking at obligating the funds according to when that obligation was issued, that authorization was issued, approved, or that purchase order was accepted in the system, whatever that that date is, then we look at when are the services or one of those goods going to be provided? And so remember, I talked about the goal post.

Sarah Clardy/VRTAC-QM: So that period of performance then really drives how long the vendor has to provide the goods or services, and how long they have to Bill.

Sarah Clardy/VRTAC-QM: and that's going to depend on where we're where we're assigning that obligation. So it's like, I said earlier, if we have

Sarah Clardy/VRTAC-QM: 22, we have authorizations tied to 22. Right now.

Sarah Clardy/VRTAC-QM: Well, those are going to move into liquidation. Those are going to have to. We're going to have to get bills in, and we're going to have to pay those out or cancel those balances that the services aren't needed 120 days after September thirtieth, because that grant is closing out.

Sarah Clardy/VRTAC-QM: Okay? So if we're authorizing right now to 22, we have to think about that very short window that those services would have to be provided

Sarah Clardy/VRTAC-QM: if we're obligating against 23 right now in the case management system and those authorizations that are typed 23, let's say your state is going to move into a carryover position. So the next year

Sarah Clardy/VRTAC-QM: as that that

Sarah Clardy/VRTAC-QM: great award is in a carryover position. You only have an additional year. So for those services they would have to be provided within again the next period of performance, and then liquidated after the 120 days. So

Sarah Clardy/VRTAC-QM: there's there's not just this endless, you know, whenever the

Sarah Clardy/VRTAC-QM: whenever the invoice comes in, no matter we can pay it. We're bound by that budget period that's on Box 6 of the brain award notification. That is your period of performance.

Sarah Clardy/VRTAC-QM: So then, it's incumbent on States to have very specific 2 things, number one

Sarah Clardy/VRTAC-QM: expectations, for when vendors or providers are invoicing. V are, and number 2 that has to be communicated

Sarah Clardy/VRTAC-QM: so, and we do that through our contract process. So if it's on the the accounting system side, and we have our formal contracts. It should be communicated in there. The funding availability is this.

Sarah Clardy/VRTAC-QM: the invoice? Expectation is this, and then on the case management system side on our optimizations, whether we have master contracts that are overarching over those authorizations that communicate to the vendors and providers all the expectations about how they do work with VR, and just all of those expectations we incorporate in there. By the way.

Sarah Clardy/VRTAC-QM: this is when the funding is available for this authorization, and these are the expectations for invoicing.

Sarah Clardy/VRTAC-QM: The next piece is really critical, though we also have to enforce it. I don't know how many times we are working with agencies, and they feel like their hands are strapped like they can't enforce that. Well, you can. And and this is how you do that? And in the state that I came from, we had a 2 year statute of limitations, which meant vendors could come back

Sarah Clardy/VRTAC-QM: 2 years after the service was provided, and Bill the pr agency, and that presented some challenges depending on when or where that funding was obligated. And so the team sat down and said, Okay, at any given time, we really only have a guaranteed one year, a maximum of one year

Sarah Clardy/VRTAC-QM: for services to be provided. Because if we look at it right now.

Sarah Clardy/VRTAC-QM: but let's look at an October first, because we've been using that example so much on October the first, provided we've met carry over. We only have one additional year for those services to be rendered, and then 120 days to get payment in, or the liquidation through.

Sarah Clardy/VRTAC-QM: If we have the, we're obligating against the 24 award.

Sarah Clardy/VRTAC-QM: Then

Sarah Clardy/VRTAC-QM: remember, I said earlier, it's not an automatic 2 year, Grant, we really only have a year before we then our right size and position to move into that carry over period. So our team sat down and said, yes, we understand. There's that 2 year statute. However, within the funding period of performance that we have available, we're going to say the services have to be provided in the vendor must bill within the year.

Sarah Clardy/VRTAC-QM: If the vendor comes back 4 years later. And we know that this happens. Okay, we we know that vendors or providers will have audits of of

Sarah Clardy/VRTAC-QM: receivables, or you know, what have you? And they'll come back later. It's what we do with those instances that matters. And so you have to have know what your policies and procedures say. You know what your State rule says, and then we have to enforce them, because if they come back 4 years later, and it's determined. Let's say there was an error on VR's part, and it wasn't an error of the vendor per se.

Sarah Clardy/VRTAC-QM: We can't charge that to the the Federal award that whatever award that that obligation was charged against is closed. Okay? And if you had money that was returned as a part of that. Hopefully, we're not returning a lot of funds, but if we do, we can't go back and get that money back and pay that vendor.

Sarah Clardy/VRTAC-QM: So then we also can't use that non-federal share that we're using right now to match the existing award. Okay? because that service happened outside of that period of performance. So we're locked into 2 options, number one, either telling the vendor I'm sorry, but we can't pay this because we don't have any funding available.

Sarah Clardy/VRTAC-QM: or it's coming out of some other state funds that are not used as match. But then could

Sarah Clardy/VRTAC-QM: And then I have a conversation with your financial management special in terms of how that would impact impact maintenance of effort.

Sarah Clardy/VRTAC-QM: for that non-federal share. So again, lots of considerations that the key is really to to know what your State says in terms of the rules, and then communicate effectively to your vendors and then follow through.

Sarah Clardy/VRTAC-QM: Okay. it's like we have

Sarah Clardy/VRTAC-QM: another question from Todd, that happened here in Delaware once that I know of a vendor or State university. Build this for a clients tuition 2 and a half years after the fact, and we refuse to pay Todd. Thank you for putting that in there. But, Chris, before I hand this back to you. This is the caveat and Todd, thank you for sharing this.

Sarah Clardy/VRTAC-QM: particularly as this applies to client services. We want to be very mindful in terms of

Sarah Clardy/VRTAC-QM: how we navigate. So our state rules and our policies and procedures, and how we are responsible with that in a way that protects the individuals that we're providing services to.

Sarah Clardy/VRTAC-QM: And

Sarah Clardy/VRTAC-QM: we want to be mindful when that university comes back. I had that situation happen. where? Where I was at years ago in the university. So we're just going to go back on the clients. And

Sarah Clardy/VRTAC-QM: again, this is where it comes into making sure that your authorizations have all of those protections, have all of those disclaimers.

Sarah Clardy/VRTAC-QM: The language that needs to be in there from a State in a regular to federal regulatory standpoint. We have to be very specific about how we communicate, so that we don't then create a process that then comes back on the client so many years later, and then they're on the hook for the tuition or the you know, whatever it is. So I would be

Sarah Clardy/VRTAC-QM: I would encourage you to have some form of leadership team that reviews these and navigates through these rather than after saying, No, it's outside of the timeframe. We're not going to pay it. Let's make sure that we understand. Did we communicate effectively with the vendor?

Sarah Clardy/VRTAC-QM: Did they acknowledge, of course, that you know they are following our rules under the Federal award, and they're bound by our State rules so that on the back end we don't inadvertently put our clients in a position where, then they end up with something that goes to collections, or what have you so that that can again another whole conversation that we can have it. It all ties in together.

Sarah Clardy/VRTAC-QM: Okay.

Chris Merritt/VRTAC-QM: very good questions, Chris. I'm gonna take it back to you. Okay, thank you. Yeah. That's

Chris Merritt/VRTAC-QM: very good. Questions, difficult situations that are a lot of people are dealing with as well. So

Chris Merritt/VRTAC-QM: okay, we're going to move into liquidation requirements. And we talked a little bit about this already, but a State must have proper policies, procedures, and internal controls in place to ensure each financial obligation is liquidated from the proper federal award.

Chris Merritt/VRTAC-QM: even if you're on a cas. But cash basis. So when we talk about liquidation, most of us automatically jump to payments. Well, that's true. Liquidation may also occur through cancellation

or sometimes modification. So these you need to keep that in mind. It's important to ensure that in situations where a batch of payments or multiple payments are processed at one time

Chris Merritt/VRTAC-QM: the system determines the proper accounting codes for each payment

Chris Merritt/VRTAC-QM: according to where the funds were obligated, not where the agency chooses to pay from on that particular day. So

Chris Merritt/VRTAC-QM: Sarah mentioned before that, you know, they may say today we're paying Federal fiscal year 23 funds, and tomorrow we're doing, carry forward or carry over funds. So that is not how it should be working.

Chris Merritt/VRTAC-QM: It's also important not to determine payment according to the service dates, or when the service occurred, it is based on the obligation date.

Chris Merritt/VRTAC-QM: Okay, more liquidation requirements. So your policies, procedures, and internal controls should address management of financial obligations at the end of your Federal fiscal year of appropriation.

Chris Merritt/VRTAC-QM: It's important that all Staff understand what should happen at the end of your Federal fiscal year. Where did the client expenditures get assigned during the months of September and October?

Chris Merritt/VRTAC-QM: What about payroll expenses, or utilities? Is there a clear understanding of which Federal fiscal year these items should be charged against. That's why that chart earlier makes a big difference. Everybody needs to understand what should be happening.

Do all authorization. Stop on September thirtieth, and start again on October first.

Chris Merritt/VRTAC-QM: Does it have to be done this way? Is that something that

Chris Merritt/VRTAC-QM: somebody set up a long time ago, and nobody's looked at it in a while. Is it a requirement of your state, or is it just how we've always done business? Can authorizations cross over your federal fiscal year?

Chris Merritt/VRTAC-QM: If so, which services?

Let's also consider your carryover. How will you know if you have met the requirements of carry over.

Chris Merritt/VRTAC-QM: Are you coordinating with your sister agency? If there's a separate blind and general agency within your State.

Chris Merritt/VRTAC-QM: what instructions for Federal fiscal year end and new Federal fiscal year startup are communicated to your staff agency-wide again, what is your spending strategy for the new fiscal year?

Chris Merritt/VRTAC-QM: We talked about that a little bit? Is there a plan for carry over funds, and what they will be used for? And when?

Chris Merritt/VRTAC-QM: How will you coordinate, carry over money with the New year award.

Chris Merritt/VRTAC-QM: So again, a lot of questions that need to be considered, discussed and revisited periodically

Chris Merritt/VRTAC-QM: and finally on liquidation. Remember earlier, when we talked about, carry over requirements, and how you had to meet your match requirement for the remaining balance of Federal funds in order to carry over the Federal funds.

Chris Merritt/VRTAC-QM: Here's an important note that you should probably remember about matching carry over if there are non Federal obligations that are cancelled during the carry over a year. So during the carry over year

Chris Merritt/VRTAC-QM: or otherwise otherwise liquidated after the Federal fiscal year of appropriation. They may not be used towards satisfying the match requirement.

Chris Merritt/VRTAC-QM: and may not be re-obligated for expenses incurred during the carry over a year.

Chris Merritt/VRTAC-QM: This changes, your match amounts, and the corresponding Federal funds that are available.

Chris Merritt/VRTAC-QM: so let me say a little bit differently.

Chris Merritt/VRTAC-QM: If on liquidated obligations, exist at 9 30 for the non-federal share.

Chris Merritt/VRTAC-QM: and they cancel out for any reason.

Chris Merritt/VRTAC-QM: The non-federal funds cannot be re-obligated. and those funds, both the Federal funds and the non Federal dollars are lost to the program.

Chris Merritt/VRTAC-QM: So, if at all possible, the best strategy is to fully expend your match dollars in the Federal fiscal year of appropriation that first year, under the grant

Chris Merritt/VRTAC-QM: that will ensure that you know how much Federal funds are available in the carryover period to expand towards program.

Chris Merritt/VRTAC-QM: And why does ours say care about all of this?

Sarah Clardy/VRTAC-QM: And they do so?

Sarah Clardy/VRTAC-QM: One other note on that obligation or that liquidation piece that Chris just talked about. Because again, we we have a lot of Aha moments with agencies that we work with through period of performance, and sometimes agencies, are not able to fully expend their non-federal share in the federal fiscal year of appropriation. Again, it becomes a specific discussion

Sarah Clardy/VRTAC-QM: depending on the makeup of those non-federal resources. So we can help strategize if you're a state that cannot. But, as Chris mentioned, and I want to highlight again. It is best case practice if you can get all of those dollars spent and out the door. So you have no unliquidated obligations for match on that September thirtieth report that secures all those Federal funds that you're planning to carry over. Okay.

Sarah Clardy/VRTAC-QM: If, however, you have unlimited obligations that fall off. Let's say you, you can't fully expend that in year one, if in year 2, you have those that are falling off, it will require some coordination with Rsa. And in going back and looking at the report, and what was submitted to Rsa. In terms of what was that balance? Because it will reduce the amount of Federal dollars that you'll be able to utilize based on that reduced balance of non-federal share.

Sarah Clardy/VRTAC-QM: So again, if that's something that you want to talk through with us or explore. We can certainly do that.

Sarah Clardy/VRTAC-QM: So why does Rsa. Here? And I know we've gone through a lot of requirements, and for folks who haven't heard this before, and this is the first time, I'm sure that it's very overwhelming. I know even in my own former role.

Sarah Clardy/VRTAC-QM: and I'm just going to be very transparent. We had to go through a a an exercise to right size this in our own state. So A lot of agencies are trying to sort through this. First of all, this is not an Rsa requirement, and I've heard some states as we're working through this thing. Rsa's made this too hard. It is not an Rsa requirement. Well, it is by extension. This is part of. Again. This is why we share at your 76.7 7. This is because we live and reside within us. Department of education

Sarah Clardy/VRTAC-QM: and education has very specific rules in terms of how we manage our obligations. So by default, because we're under Rsa, we have to follow that it's really really important. If you are a designated State agency. Okay? So for VR, if you are sitting within a Dsa

Sarah Clardy/VRTAC-QM: designated State agency, that is something other than education based. Okay? So if you're within department of labor, you're within social services, you're within health and human services. You're within workforce.

Sarah Clardy/VRTAC-QM: and you have shared services where you are supported administratively by a unit that is managing other Federal grants.

Sarah Clardy/VRTAC-QM: We see this all the time. It is very, very common to apply other Federal standards to our VR Grants, and we can't do that it will not work, and we've had a lot of conversations, and I see some of you on today. we've helped bridge that gap in communication with your Dsa. To help them understand. These are education rules. We. We can't follow labor. We don't follow health and human. We don't follow any of those others. We have to follow education standards.

Sarah Clardy/VRTAC-QM: so it is difficult. But I can tell you we've helped some agencies, a number of agencies, right size, their operations put in proper controls and and manage this and and it can be done. It can be a little overwhelming, and we understand that we're very compassionate, very kind whenever we meet the process, and we start walking through that. But ours, they cares for a number of reasons. Number one next slide, please, Chris, not just because it's what we have to do.

Sarah Clardy/VRTAC-QM: But this also leads to accurate reporting. So on our 425 or Rsa. 17, which I don't know if we we don't have any S. 4 25 on VR. But we would for supported employment some of our other programs, but we

Sarah Clardy/VRTAC-QM: we have to be able to report accurate information on those Federal reports, and if we aren't tracking the obligations

Sarah Clardy/VRTAC-QM: and the liquidations, those payments correctly, then we can't guarantee that we. We are sitting in Incorporated for information. So, for instance, right now we have a lot of funds that are being returned either through re allotment, or are lapsing on the back end of the grants and are being returned to the Us. Treasury and lost to the V, our program. It's no secret. Everybody knows. That's that's kind of the elephant in the room right now.

Sarah Clardy/VRTAC-QM: And so when Rsa is looking at the data, the financial data by and large across the nation. we need to be able to report accurately so they can paint a proper picture to Congress. when when they're when they're asking about. Why are you returning so many funds, or what are the balances, or what have you? as I mentioned earlier. I've had some agencies that have said, Well.

Sarah Clardy/VRTAC-QM: we're a cash basis, so we don't report on liquidated obligations. So all those authorizations that are sitting out in the case management system. We're not reporting those on our Rsa 17. It doesn't matter if your cash, or if you're accrual either way, Rsa. Needs to know, and we have an allegation to report what those unlimited authorizations are. And even if it wasn't a requirement, we need to be factoring those into consideration.

Sarah Clardy/VRTAC-QM: Going back to Chris's checkbook analysis earlier. It's like having a a checking account. Let's say we have a checking account for our bills, you know, at home, and we write a check for the mortgage, which is the largest expense that's coming out of that particular checkbook. So of my $5,000 balance, let's say 3,000 big mortgage and and I don't have that recorded, and I'm not paying attention to that. So when I look at my balance in my checkbook

Sarah Clardy/VRTAC-QM: says I have $5,000, or if I'm looking at my bank account, it says I have $5,000. If I'm managing my finances and ignoring that I have this $3,000. Check that out there, or I'm getting ready to write for my mortgage, and I'm not even fact factoring that in I'm going to overspend or make a financial decision that is not in the best interest of my household. It's the same thing with VR,

Sarah Clardy/VRTAC-QM: typically, our case services are our largest ticket items. When we look at the green scheme of all of our expenditures and obligations under the V our program. So when we're reporting, we need to have accurate numbers out there, so that we know how much out of that VR checkbook

Sarah Clardy/VRTAC-QM: is earmarked. Set aside for those programmatic obligations

Sarah Clardy/VRTAC-QM: and then drilling down 1 one additional layer again. Like I said earlier, it's not enough just in our case management systems just to say, I'm going to set up a budget for Federal fiscal year 23. And right now everything that I authorize is going into 23, and that's it. And we stop there, because when I go to an Rsa. 17

Sarah Clardy/VRTAC-QM: for the 22 award and the 23 award. how am I going to know of that balance of authorizations. Let's say it's 10 million

Sarah Clardy/VRTAC-QM: or 1 million. It doesn't matter at that amount. How much am I reporting as UN liquidated on the 22 award? How much am I reporting on the 23 award, if we're only authorizing down to the 23 Federal fiscal year level, we haven't gone

Sarah Clardy/VRTAC-QM: far enough, and we haven't

Sarah Clardy/VRTAC-QM: set up our system at a granular level enough to be able to report accurately on our financial data to Rsa The other thing is And I see a comment out there sharing that I'm going to grab a hold of it just a minute. Because again, you guys are asking all the right questions.

Sarah Clardy/VRTAC-QM: So the other pieces and I mentioned this earlier R is that uses the financial information to determine compliance with matching and maintenance of effort requirements. We talked about that throughout, so that 9 30 report in that Federal fiscal year of appropriation is very important. That's for Rsa. Determines.

Sarah Clardy/VRTAC-QM: Is the State meeting match, are they? Are they in a carry over position? Have they met match And then, as we move through the next year, have they met maintenance of effort requirements. So again, if we don't have accurate information, if we don't have all of our cost categories managed within our technology systems, then can rsa really determine With assurance that that the State has met all those requirements.

Sarah Clardy/VRTAC-QM: And then here's the kicker. And this is this is the piece. It's kind of hard to hear sometimes, especially for an agency that has some holes in their period of performance.

Sarah Clardy/VRTAC-QM: Period of performance drives the bus. Okay? It just does, and if period of performance is messed up in an agency. all of fiscal is off the rails, and that is very much a chicken. Little. The sky is falling kind of thing to say, and that is not in align with my values to to speak that way. But we know that period of performance drives the bus in terms of having a solid financial position.

Sarah Clardy/VRTAC-QM: And if we aren't managing all of our fund sources in a way that complies with period of performance we can't say, and Rsa. Can't determine with certainty that number one. We're in compliance with the Federal requirements. But, second, it's very difficult, and in some situations impossible to determine our financial position.

Sarah Clardy/VRTAC-QM: And so we don't know what our financial position is. We don't know where we stand on our grants. We don't know where we stand on our matching and maintenance of effort if we're not managing program income. Accordingly, we've kind of blown up the whole program.

Sarah Clardy/VRTAC-QM: Now.

Sarah Clardy/VRTAC-QM: that doesn't mean that for an agency that has all that out of whack that we can't help build or You can also work with your financial management specialists, you have resources that are available. But we know that period of performance is that base foundation upon which all of the financial of the program is built upon.

Sarah Clardy/VRTAC-QM: Okay? So I'm gonna let's take this question.

Sarah Clardy/VRTAC-QM: And the or actually some of questions, the statement, this is why we clean up authorizations by quarter, and thank you, Sherry, for mentioning that because there is.

Sarah Clardy/VRTAC-QM: there is a great deal of participation and responsibility across an agency to coordinate around period of performance, and oftentimes because there's a lot of complexities to this we talked. I'm sure there's some books that are like my brain just exploded today. This is a lot.

Sarah Clardy/VRTAC-QM: and we are very reliant on the field at all levels. So whether it's support staff that are in that supportive role to the counselors whether it's the counselors, whether it's the field administrators or managers, whatever your organizational structure looks like

Sarah Clardy/VRTAC-QM: if we don't have processes in place on the field side to keep our authorizations. I'm going to use the word clean.

Sarah Clardy/VRTAC-QM: Then it's again really difficult to determine our financial position in a way that's really succinct. It's really difficult to forecast and and keep on track with that spending strategy and make good financial decisions. Now, what that looks like for your agency can vary from agency to agency. There are some that have counselors or support staff may assist in that role, going on a monthly basis.

Sarah Clardy/VRTAC-QM: and then find those authorizations that are no longer necessary, because maybe the client ex that it or they don't need the job coaching hours, or maybe they're no longer in school. And so then the maintenance monies that were authorized, or no longer due to the client, whatever the thing is, canceling out those authorizations so that it freeze up that balance in the and those authorizations aren't whole.

Sarah Clardy/VRTAC-QM: A place in in that balance, if you will. That could then be freed up and spent elsewhere. It's really really important also for States who are in order selection and have categories closed

Sarah Clardy/VRTAC-QM: to have a process whereby the field is is on a regular basis, going in and cleaning up authorizations and making sure that there's not a lot of authorizations holding up space out there that are never going to come to fruition. Because if we're making decisions on who to release from the wait list, or how much we can afford to spend in the program and manage order of selection. And we're looking at large balances

Sarah Clardy/VRTAC-QM: of case service authorizations that are sitting out there, and really maybe only 50 of those are necessary. We're making some decisions and and withholding potentially services to individuals that we could let in the door. Because we're we're relying on information that's not current or accurate.

Sarah Clardy/VRTAC-QM: So that is And again, that's a strategy that's unique to each agency. And there are lots of possibilities. But the key is having some way to manage that within the field sherry. Thank you. That's a very, very good comment.

Sarah Clardy/VRTAC-QM: Okay, next slide, please. We are in the home stretch.

Sarah Clardy/VRTAC-QM: So then the other pieces, as I just mentioned, it's it's correctly tracking, reporting, and liquidating obligation. So your agency has your as accurate financial information for program planning purposes very important that every agency know their financial position at all times, and I would even expand on that to me, to say

Sarah Clardy/VRTAC-QM: the directors. So any of our directors on the holiday you need to know what your financial position is at all times. We've seen so many situations where the finances are being managed within maybe another unit. And you have limited access to information just as if we were in private industry and running a business. It's hard to make financial

Sarah Clardy/VRTAC-QM: decisions that are sound to support your agencies. So it is really important that there's coordination on all fronts, no matter how the accounting and procurement and all that is managed between the Dsa and the Dsu. It's important that that we are. Hold those non delegables and know what that financial position is.

Sarah Clardy/VRTAC-QM: this also factors into calculating the appropriate match requirement. I would add priests to that also, understanding what our Preet's requirement is. All those historical trends and analysis pieces that we pick up and use throughout the year, and and for budgetary purposes, and in planning.

Sarah Clardy/VRTAC-QM: for you know the the future as part of our State plan, and all of that. This all ties in. I've already mentioned order of selection.

Sarah Clardy/VRTAC-QM: And then, just again, that potential waste, if financial obligations are not managed timely as those funds could have been used to serve other individuals, and that is particular to order of selection in the current time and space that we're in right now, where there are a lot of funds that are being returned either through allotment or lapsing on the back end. We are really pleased to work with. A great number of you, especially agencies are being monitored this year to help develop strategies

Sarah Clardy/VRTAC-QM: to figure out, are there some solutions to reduce those balances so that we can extend those funds and keep them within the program and serving the individuals who are dependent on us. So Lots of important considerations. And with that

Sarah Clardy/VRTAC-QM: I believe we can move to the end.

Sarah Clardy/VRTAC-QM: So we're not going to do the knowledge test today. We're going to move to you, made it and thank you. So we have about 7 min left.

Sarah Clardy/VRTAC-QM: and we had a a large crew. Today I've been watching the participant balance, and I'm really excited to have the number that has joined us today. Are there any questions or anything that anybody would like to throw out for the good of the group

Sarah Clardy/VRTAC-QM: before we conclude today

Sarah Clardy/VRTAC-QM: and feel free? You can either enter into chat, or if you'd like to take yourself off of mute, then you're certainly welcome to do that as well. Any questions or anything burning that you'd like to share or know

Nash Sisneros NMDVR Deputy Director: just one comment from New Mexico.

Sarah Clardy/VRTAC-QM: That's all.

Sarah Clardy/VRTAC-QM: I don't ask you.

Nash Sisneros NMDVR Deputy Director: Oh, holy!

Sarah Clardy/VRTAC-QM: Well, you guys had! This is not your first time hearing it, too. So thank you for being brave to speak up share again. We have to hear this multiple times and sip through it multiple times to get our arms around it. I encourage everyone to do that because I've done that. And I am doing that because it's it's quite a bit of information. But

Nash Sisneros NMDVR Deputy Director: like you said, the number one, priority is is communication. I mean, wow.

Sarah Clardy/VRTAC-QM: it's huge. And we're pleased to work with you. Next to code through this process. So again, don't feel like you're alone. If you're a little overwhelmed, or you feel like, you know, there's some things in your agency that maybe aren't quite where they need to be. Thanks, Nash, anybody else thoughts or comments. Before we conclude today

Chris Merritt/VRTAC-QM: we will provide a copy of the presentation that will be on our website. We'll let you know when that's out there.

Sarah Clardy/VRTAC-QM: And then, Chris, can you drop in chat? Oh, never mind our contact. information is on this slide. I apologize. If you have questions or would like to reach out to us. We have a fiscal email address that goes to all of us on the fiscal team. It's the best way to get in touch with us. There's no wrong door into ta of any sorts. But

Sarah Clardy/VRTAC-QM: this particular email address will come to all of us, and we will respond timely. And if we can help you, and haven't worked with you we'd be pleased to do that. I think we have touched 74 of the 78 agencies over the past 3 years. So far, so many of you. We we are already working with, or have in some degree, but certainly we're here if we can support you in any way.

Sarah Clardy/VRTAC-QM: All right. Well, with that. Thank you for hanging in with us today, and have a wonderful afternoon or evening depending on where you're at.

Sarah Clardy/VRTAC-QM: and we'll look forward to seeing you soon.