ET HANDBOOK NO. 336, 15th EDITION

STATE AGENCY
UI PROGRAM AND BUDGET PLAN (PBP)
PLANNING AND REPORTING GUIDELINES

CHAPTER II - REPORTING

I. Introduction.

A. Background. Chapter II of the FY 1999 PBP Handbook provides guidelines for the reports and data elements to be used for financial reporting of State Unemployment Insurance (UI) program activities. The Employment and Training Administration (ETA) does not prescribe the use of any specific accounting and reporting system by the State Employment Security Agency (SESA), but does require the SESA to meet the standards for grantee financial management systems as prescribed in Federal Regulations at 29 CFR 97.20.

B. OMB Approval. The Office of Management and Budget (OMB) has approved ET Handbook No. 336 for use through 09/30/99, according to the Paperwork Reduction Act of 1995, under OMB No. 1205-0132.

C. Changes. There were no significant changes made in Chapter II for FY 1999. On the UI 3 report, lines 1,2, and 12 of section B were changed to account for States' implementation of interstate liable initial claims taking by telephone. States should enter Y2K expenditures in block 12 of the SF 269.

D. Submittal Instructions.

1. Use of Computer Printouts in Lieu of Prescribed Forms. SESAs may submit financial report information on computer printouts instead of the UI-3, SFs 269, 270, 272, and 424. However, such printouts must contain the identical information and format as the report forms, including the certification and authorized signature blocks and adhere to submittal requirements described below.

2. Electronic Submittal. States submit the UI-3 worksheet through UIRR. This ensures that this report is consistent with reported workload and entitlement is calculated uniformly. UIRR makes output reports available for review and correction before electronic transmission to the National Office.

3. Number of Copies and Recipient. For all Standard Forms (e.g., SF 269, SF 424), submit an original and 2 copies to the ETA Regional Office. The National Office electronically receives UIRR reports, which the Regions may also access.

4. Frequency and Due Dates. The UI-3 worksheet and SF 269 are due within 30 days after the end of the reporting quarter. The SF 272 is due within 15 working days after the end of the reporting period. Contingency advance requests are due within 10 working days of the quarter to which they pertain. The request form, SF 270, is a voluntary report.

5. ETA Identifying Numbers. The following is a list of codes to be used by Regions in issuing obligational authority and by SESAs when using the SF 269 and when drawing cash. Definitions of program categories on the UI-3 are provided in Section III, Paragraph G, Time Distribution Definitions.

PROGRAM	ETA IDENTIFYING NO.
UI Operations	9210X
UI Performs	9210X
SAVE	9210X
Trade and NAFTA Benefits Admin.	9210X
UI National Activities	9211X
Trade Benefits	9226X
NAFTA Benefits	9173X
Disaster Unemployment Assistance (DUA)	9235X thru 9245X

NOTES:

- o Occasionally, SESAs may be required to report separately for new UI programs and/or activities.

- o The "X" at the end of the code signifies the Fiscal Year of the funds; e.g., 92106 = FY 1996.

- o The digit "9" in front of each code need not be used by Region/State, at their option.

- o ETA code numbers are assigned to each separate DUA disaster when funds are provided to the SESAs.

II. Reports.

A. UI-3, Quarterly UI Contingency Report.

1. Purpose. This report provides information to ETA on the number of staff years worked and paid for various UI program categories, and provides the basis for determining contingency and SAVE entitlements.

2. <u>Reporting Instructions</u>. SESAs are required to report the number of quarterly staff years worked and paid and the number of year-to-date staff years paid. ETA does not prescribe the type of time distribution reporting system used by SESAs to generate the required data. However, the system used must be capable of providing data in the required detail, and the data must fairly and accurately represent the utilization of staff years. Data must be traceable to supporting documentation, e.g., time distribution and cost reports. SESAs using sampling, allocation, and estimating techniques to spread actual hours to the UI programs must have documentation describing the techniques and procedures being used.

3. <u>Report Completion Instructions</u>. A facsimile of the UI-3 form and completion instructions can be found in Appendix II. SESAs are to enter only data which cannot be obtained elsewhere in UIRR, which performs most calculations.

B. <u>SF 269, Financial Status Report</u>. A facsimile of form SF 269 (Long Form) and completion instructions can be found in Appendix II. This report is a government-wide standard form prescribed for use by OMB Circular No. A-102, and by Department of Labor Regulations at 29 CFR 97.41. A separate SF 269 will be submitted each quarter for each fiscal year of funds (including the current fiscal year), until such time as all resources on order have been liquidated and a final SF 269 submitted. States will submit a final SF 269 when all financial activity has ceased and the following equation is satisfied: Obligational Authority = accrued expenditures = cash received.

States are to report administrative expenditures on the accrued expenditure basis, per 29 CFR 97.41(b)(2). The SF 269 submitted for unemployment insurance benefit payments for DUA and Trade will be reported on the cash basis, i.e., actual cash benefits paid during the reporting period.

SF 269s are to be submitted <u>only</u> for the following:

o Unemployment Insurance operations. All UI administrative funds are to be included on the SF 269 including funds for Trade and NAFTA benefits administration, but excluding UI National Activities and cooperative agreements. UI program income and associated costs are also to be reported on the SF-269. On line 12 (Remarks), enter accrued expenditures (quarter) and obligations (year-to-date) separately according to staff costs and NPS costs. **Include a separate entry for Y2K Automation expenditures.** Expenditures/obligations must <u>only</u> reflect charges against current year funds. Charges against prior year funds (including carry-over funds) are to be reflected on the separate SF 269 for that year.

o UI National Activities. (Separate for each year) o Trade Benefits. (Separate for each year)

o NAFTA Benefits (Separate for each year)

o Disaster Relief Projects (Administration and Benefits for each open disaster) - separate SF 269s for each disaster number and by Administration and Benefits.

C. <u>SF 270, Request for Advance or Reimbursement</u>. A facsimile of form SF 270 and completion instructions can be found in Appendix II. This report is a Government-wide standard form prescribed for use by OMB Circular No. A-102, and by Department of Labor Regulations at 29 CFR 97.41. This is a voluntary report which States may use to request contingency advances for only the fourth quarter of each fiscal year.

D. <u>SF 272, Federal Cash Transactions Report</u>. A facsimile of form SF 272 and completion instructions can be found in Appendix II. In accordance with 29 CFR 97.41(c), SESAs are required to submit the SF 272, Federal Cash Transactions Report, under the DHHS Payment Management System. However, SESAs are exempt from the requirement to submit the SF 272A, Continuation Sheet.

III. <u>Definitions</u>.

A. <u>Accrued Expenditures</u>. This term is defined in 29 CFR 97.3 as: "charges incurred by the grantee during a given period requiring provision of funds for: (1) goods and other tangible property received; (2) services performed by employees, contractors, subgrantees, subcontractors and other payees; and (3) other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments."

The term "Outlays" on the SF 269 has the same meaning as accrued expenditures under the accrual basis of reporting.

B. <u>Funding Period</u>. The funding period for UI grants is typically the fiscal year; however, appropriation language provides for obligation of FY 1999 UI allocations by States through December 31, 1999, (with 90 additional days to complete the expenditure). In addition, budget language permits States to obligate UI funds through September 30, 2000, if such obligations are for automation acquisitions. Therefore, the end of the FY 1999 funding period is December 31, 1999, for UI regular allocations, and September 30, 2001, for automation acquisitions.

C. <u>Obligations</u>. This term is defined in 29 CFR 93.7 as: "the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period."

D. Unliquidated Obligations. This term on the SF 269 is defined in 29 CFR 97.3 as: "Unliquidated obligations for reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the grantee for which an outlay has not been recorded."

The term "unliquidated obligations" has the same meaning as "resources on order" had in the past. Obligations are the sum of accrued expenditures (outlays) and resources on order (unliquidated obligations). SESAs are to report valid unliquidated obligations on the SF 269 for the UI program.

Guidelines for establishing resources on order in the UI program are listed below:

1. Resources on order must be intended to meet a bona fide need of the funding period in which the need arises, or to replace stock used in the funding period. To comply with this guideline, purchase orders, requisitions, and contracts recorded as obligations must be firm, complete, and must request prompt delivery of materials or services. Do not include in the amounts reported as obligations administrative reservations, such as reservations for contemplated procurements in the form of requisitions within the SESA, invitations for bids, or any other similar arrangements.

2. Where an obligation is definite but the precise amount is not known, it may be estimated.

3. States must obligate allocations for regular operations of the UI program - whether base or contingency funded - by December 31 following the end of the fiscal year, except for automation acquisitions, as specified in paragraph III.B. The National Office no longer can approve State requests for extension of the deadline for obligating UIASA funds; however, the Regional Offices may still approve State requests for extension of the deadline for expending UIASA funds. Any such extensions must be in writing and executed by December 31 of that year. The National Office may also extend the period of obligation availability for certain grants and agreements funded from UI National Activities funds. All unobligated funds as of September 30, 2001, will be picked up.

4. Generally, obligations should be supported by a valid purchase order or other binding agreement, in writing, between the parties, for goods to be delivered or services to be performed. To meet this requirement, purchase orders are to be included only to the extent that their issuance, together with previous or subsequent action by the other party,

constitutes an offer and acceptance that has become a binding agreement. Such orders (and requisitions) are not to be regarded as issued as long as they remain within the control of the issuing agency.

5. If the SESA issues purchase orders directly to a vendor, obligations are to be recorded and reported on the basis of the purchase orders.

6. For purchases placed with another State agency which are required by State law or regulation, an exception is made to the requirement for supporting a transaction by a valid purchase order or binding agreement in writing. Where the State law or regulations mandatorily requires the State agency to procure the specific materials, requisitions of State agencies may be treated as purchase orders, and obligations are to be recorded and reported on the basis of the requisitions issued to the central procurement agency.

7. When procurement from a central procurement agency is optional, obligations may be recorded on the basis of requisitions issued by the SESA, provided (a) there is documentary evidence (such as a store stock catalog) that the items are normally stocked, and (b) the requisition is for a bona fide need of the funding period in which the need arises, or it is for replacement of stock used in the funding year. When items or services are ordered through a central procurement agency with delivery to the SESA direct from the vendor, obligations are to be recorded on the basis of purchase orders issued by the central agency.

8. SESAs should periodically review unliquidated obligation amounts to determine their validity. Obligations should not be carried on the State agency's books unless the agency is reasonably sure that payment of the obligation will be required at a later date.

9. 29 CFR 97.23(b) requires that States must liquidate all obligations incurred under a grant not later than 90 days after the end of the funding period. For UI FY 1999 grants, the end of the funding period is specified in paragraph III.B. above. Thus, States must obtain written approval from ETA to retain unliquidated FY 1999 obligations beyond March 31, 2000 - except in the case of funds used for automation acquisitions, which may be obligated through September 30, 2001. States may retain these obligations until December 31, 2001.

E. <u>Automation Acquisition</u>. The term "automation acquisition" is defined as the costs of goods and services directly related to the automation of UI operations. Automation goods consist of computers and their peripheral and auxiliary equipment and associated software. Automation data processing services are those services necessary to support the acquisition of those ADP goods. The term does not include maintenance and other costs relating to current operations and services.

Given the fast pace of technological developments, the list of products covered by this definition will change with time; therefore, no definitive list can be provided. The following list is illustrative of what is meant by the definition, but is not all-inclusive:

1. **Hardware:** central processing units, front-end processing units, minicomputers, microcomputers and related peripheral equipment such as data storage devices, document scanners, data entry equipment, terminal controllers, data terminal equipment, computer-based work processing systems other than memory typewriters, equipment and systems for computer networks, communications, which includes voice, radio, images, optical, data, and video, related items such as switchboards, PBX units, multiplexers, FAX, modems, digital computer service units, channel service units, channel extenders, Protocol converters, VSAT, satellite, encryption and voice response units.

2. **Software:** programs and routines used to employ and control the capabilities of automated and communication systems such as operating systems, compilers, assemblers, utilities, library routines, maintenance routines, applications, converters, conversion routines, knowledge-based systems, artificial intelligence systems, decision support systems, executive information systems, and encryption and networking programs.

3. **Services:** one-time costs for staff, service bureaus, or contract services directly related to the initial acquisition of automation systems, including those relating to feasibility studies, systems design, application, software and system development; and the transportation, installation, training, and maintenance of such items which directly relate to the initial acquisition.

F. ETA Identifying Numbers. Because some SESAs have moved to accounting systems other than CAS, ETA established uniform accounting codes for use by all SESAs in reporting back to ETA. Thus, ETA will use the current fund ledger code structure for both CAS and non-CAS agencies. Non-CAS users establish whatever account/code classification system they wish to use in their accounting systems. However, the SF 269s submitted to ETA are to contain the ETA identifying number(s), as shown in Section II.B., and in identifying cash drawdowns by program through the Department of Health and Human Services' Payment Management System.

G. Time Distribution Definitions. The definitions of the UI program categories contained in the UI base allocations and Quarterly Financial Report (UI-3) are a combination of UI functions previously defined in ET Handbook No. 362, (SESA

Accounting Manual), Volume II, Chapter IV. The following reflects the program categories used on the UI-3 worksheet and the CAS time distribution functions and codes:

<u>UI-3</u>

Associated Time Distribution Functional Activity Codes (under Project Code 210 <u>unless otherwise stated)</u>

Claims Activities

Initial Claims (200)
Weeks Claimed (200) (Includes ERP)
Nonmonetary Determinations (230)
Multi-claimant Services (238)
Appeals (240)

Employer Activities

Wage Records (260)
Tax (300) (Includes Tax Travel)

Quality Control

UI Performs Function (461 and/or Project Code 213)

UI Support/AS&T

Benefits/Appeals Travel (235)
Benefit Payment Control (270)
UI Support (400)
Internal Security (459)
Interstate Activities (460)
AS&T (100, 120, 150)
(for Trade benefits administration use above codes under Project Code 219)

Trade Benefit Administration (Project Code 219)

Claims Activities (200, 230, 238, and 240 only)

Other

Reserved for special categories