

**TRAINING AND EMPLOYMENT
NOTICE**

NO. 18-10

DATE November 29, 2010

TO: STATE WORKFORCE AGENCIES

FROM: JANE OATES *Jane Oates*
Assistant Secretary

SUBJECT: Assessment of State Quarterly Financial Reports – ETA Form 9130

1. Purpose. To notify states that the Employment and Training Administration (ETA) will conduct an assessment of state quarterly financial reports – ETA Form 9130 (OMB Control No. 1205-0461). The assessment will focus on whether each state’s reported data on obligations meets ETA requirements provided in the 9130 instructions and other ETA provided financial reporting guidance and training.

2. References.

- *Recovery Act: States' and Localities' Uses of Funds and Actions Needed to Address Implementation Challenges and Bolster Accountability*, GAO-10-604 (May 26, 2010).
- ETA Form 9130 and Instructions.
- www.workforce3one.org webinar based interactive trainings:
 - Introduction to Financial Reporting, and
 - Financial Management Principles.

3. Background. On May 26, 2010, the Government Accountability Office (GAO) issued a report entitled: *Recovery Act: States' and Localities' Uses of Funds and Actions Needed to Address Implementation Challenges and Bolster Accountability* that found inconsistencies in how states reported obligations and expenditures on their quarterly financial reports. For this report, the GAO conducted a Web-based survey of state workforce agencies regarding use of American Recovery and Reinvestment Act (ARRA) funds for dislocated workers and supplemented survey results by conducting site visits in five states. GAO also looked at the progress states have made in using Recovery Act funds by examining both state drawdowns and quarterly financial reports to ETA. The quarterly financial reports collect data on expenditures (actual cash disbursement) and obligations (financial commitments made by states and local areas for which payment has not yet been made). The GAO noted that while ETA reviews every state certified financial report for errors and omissions, ETA does not routinely scrutinize the accuracy of the obligations data reported unless an obvious irregularity is found. Additionally, the GAO notes that ETA has not assessed the extent or nature of reporting inconsistencies across states. Therefore, the GAO recommended that ETA conduct an assessment of financial reports that examines whether each state’s reported data on obligations meets ETA requirements.

ETA Form 9130 Assessment. To address GAO's recommendation, ETA will begin an assessment in December 2010 to ascertain the methods used by all U.S. states and territories, including the District of Columbia, in reporting data on their quarterly financial reports (ETA Form 9130) for the Workforce Investment Act (WIA) Adult formula program (regular and ARRA). The assessment will look at the Program Year 2009 statewide and local reports submitted for the fourth quarter of Program Year 2009, which closed June 30, 2010, and were submitted on August 15, 2010.

ETA has engaged a contractor, Performance Excellence Partners, to conduct the assessment. The contractor will review the relevant 9130 submissions, as well as published guidance and trainings related to the reporting of obligations. Then the contractor will conduct two-to-three hour conference calls with the 57 WIA formula grantees to review their ETA 9130 financial reports, including entries related to expenditures and obligations. The contractor will review the submitted 9130 with the grantee to determine the methods used to obtain and enter financial data and how that data tracks to the 9130 data fields. The contractor will also assess the level of participation in ETA- offered training related to financial reporting and 9130 reporting. The assessment is neither technical assistance for grantees, nor intended to identify and correct grantee errors; rather, it is to document the methods used by grantees to collect and report data at both the local and state levels. This will assist ETA to develop revised reporting instructions if necessary and inform the development of additional technical assistance and training for the grant community.

After completing the grantee calls, the contractor will prepare an overall assessment report of the methods of reporting data on ETA Form 9130. The report will detail the types of inconsistencies in reporting on the 9130 and the frequency with which they occur. The contractor's report will also include suggestions regarding how ETA can: 1) target technical assistance to improve accurate reporting by states; and 2) improve its internal and external training regarding quarterly financial reporting, including the 9130 to ensure that the information reported presents an accurate and full picture of financial activity under the grants.

Grantees can expect to be contacted to set up a conference call sometime between December 2010 and March 2011. As additional information about the assessment becomes available, ETA will share that information with grantees.

5. Action Requested. Please disseminate to appropriate state financial staff.

6. Inquiries. Inquiries should be directed to the appropriate regional office.