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GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY  
LANSING

SUSAN CORBIN  
ACTING DIRECTOR

**OFFICIAL**

**Policy Issuance (PI): 20-33**

**Date:** December 4, 2020

**To:** Michigan Works! Agency (MWA) Directors

**From:** Krista Johnson, Division Administrator **SIGNED**  
Talent Development Division  
Workforce Development

**Subject:** Management of Awards to Recipients System (MARS) Fiscal Reporting

**Programs**

**Affected:** Federally Funded Programs Administered by the Michigan Department of Labor and Economic Opportunity-Workforce Development (LEO-WD) and MWAs

**References:** 2 Code of Federal Regulations (CFR) Part 200

**Rescissions:** Policy Issuance 12-04

**Background:** The WD, in partnership with the MWAs, assists job seekers in obtaining employment, education, training, and support services to be successful in the labor market. WD's federally funded job seeker and business services are designed to strengthen and improve our public workforce system and help equip our citizens, including youth and those with significant barriers to employment, to enter high-quality jobs and careers and help employers hire and retain skilled workers.

**Policy:** The MARS was designed to allow State of Michigan grant recipients to request cash, report expenditures and view financial data for their grants online, and eliminate the need to fax cash requests and expenditure reports. Currently, all sixteen MWAs have online access to the MARS for the purpose of requesting cash and reporting expenditures. The fiscal reporting procedures outlined in this policy issuance are applicable to all funds administered by the LEO-WD [previously known as the Workforce Development Agency, State of Michigan (WDASOM)] for which a Grant Action Notice or Financial Award has been entered into the MARS. A User Manual is available as a guide when using the MARS and can be accessed from the MARS home page at [www.michigan.deleg-mars.org](http://www.michigan.deleg-mars.org).

LEO is an equal opportunity employer/program.

Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.

WORKFORCE DEVELOPMENT, 201 N. WASHINGTON SQ., LANSING, MI 48913 • [www.michigan.gov/workforce](http://www.michigan.gov/workforce) • 517-335-5858

### **Accounting Systems**

MWAs must report all accruals quarterly, at a minimum. MWAs who do not maintain a computerized accrual accounting system may meet the accrual reporting requirements by reporting actual expenditures, plus accruals. All amounts reported must be based on documentation on-hand. Such documentation is to show a link between the accrual figures (from an accrual worksheet) and non-accrued financial accounts (journals and ledgers). All financial reports submitted to the State of Michigan must be traceable to journals, ledgers and worksheets. All costs are subject to review and audit. A cost not properly documented could be identified as an audit exception and be disallowed.

### **Program Income**

Program income includes income from fees for services performed from the use of rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments of principle and interest on loans made with grant funds. Program income does not include rebates, credits, discounts, refunds, etc., or interest earned on any of these items.

Program income means gross income received, and directly generated by a grant-supported activity, or earned only as a result of the grant agreement during the grant period. "During the grant period" is the time between the effective date of the award and the ending date of the award reflected in the final closeout expenditure report.

All program income must be used prior to the submission of the final closeout report for the Fiscal Year (FY) for which program income was earned.

### **Interest Income**

Because funds received for grants accessed via the MARS are to be drawn only on an "immediate cash needs" basis, interest income related to these programs should be minimal. The Entity is required to keep cash in interest-bearing accounts unless they meet one of the following criteria (any exception must be properly documented):

- The Entity receives less than \$120,000 in Federal awards per year. [2 CFR Part 200.305(b)(8)(i)]
- The best reasonably available interest-bearing account would not expect to earn interest in excess of \$500 per year on Federal cash balances. An analysis should be completed at least once every two years and documentation shall be maintained. [2 CFR Part 200.305(b)(8)(ii)]
- The depository would require an average minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources. [2 CFR Part 200.305(b)(8)(iii)]
- A foreign government or banking system prohibits or precludes interest bearing accounts. [2 CFR Part 200.305(b)(8)(iv)]

For Workforce Innovation and Opportunity Act (WIOA) Title I, Wagner-Peyser (as amended by WIOA Title III) and State programs, interest income earned by MWAs

must be treated as, and included in, the calculation and reporting of program income.

For non-WIOA or State programs, interest income earned by MWAs is not considered program income and must be identified and reported separately.

Federal regulations on interest income permit non-federal entities to retain up to \$500 of interest income earned per year for administrative expenses. Any interest earned in excess of \$500 must be remitted on an annual basis [2 CFR Part 200.305(b)(9)].

Remittance of interest income earned in excess of \$500 must be remitted via check made payable to the "State of Michigan," along with a completed remittance submission form (Attachment A) to the following address:

State of Michigan  
Department of Labor and Economic Opportunity  
105 West Allegan Street  
Lansing, Michigan 48933

**Action:** Effective January 1, 2021, grant recipients must take any action necessary to implement the directives of this policy issuance.

**Inquiries:** Questions regarding this policy issuance should be directed to Mr. Matthew Shilling, Administrative Manager, Compliance Section at 517-242-3623 or via email at [ShillingM@michigan.gov](mailto:ShillingM@michigan.gov).

This policy is available for downloading from the [WD's website](#).

WD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Please contact Ms. Carla Burdick by telephone at 517-647-9384 or by email at [BurdickC@michigan.gov](mailto:BurdickC@michigan.gov) for details.

WD is funded by state and federal funds. More details are available on the Legal Disclaimer page at [www.michigan.gov/workforce](http://www.michigan.gov/workforce).

**Expiration  
Date:**

Continuing

KJ:MS:cjb  
Attachment

Complete form, make check out to the State of Michigan, and mail to:

State of Michigan  
Department of Labor and Economic  
Opportunity  
105 West Allegan Street  
Lansing, Michigan 48933

Entity Name \_\_\_\_\_

Contact Person \_\_\_\_\_

Phone Number \_\_\_\_\_

Check Number \_\_\_\_\_

Amount \_\_\_\_\_

**Description of Remittance**

AY/FY	Grant Name & Fund Type	Amount
<b>Total</b>		_____

(attach additional page if necessary)

For Cashiering Only:  
Return form to: Dana Lyon

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CASHIERING USE ONLY FOR VALIDATION BELOW THIS LINE