

CWP Policy/Procedure**Topic:** Contract De-obligation Policy**Number:** 01-07**Applies to:** CWP Service Providers**Approved by:** CWP Chief Operating Officer**Other Policy references:** CTDOL AP 01-20 Change 2**Effective Date:** 10-1-2007

Purpose: To provide more accurate budgeting, monitoring and fiscal management of Capital Workforce Partners (CWP) service provider contracted funds.

Policy/Procedure: Effective July 1, 2007 the following procedures are to be followed regarding the reporting, invoicing and monitoring of expenditures of service provider contracted costs.

During negotiation of each service provider contract, CWP will require that contractors project their quarterly expenditures for the following categories: (1) Personnel – covering all salary and fringes associated with the contract; (2) Non-personnel –covering all other expenses related to program delivery such as mileage, supplies, etc.; and (3) Subcontracts – covering any expenses under approved subcontracts. The projection will be reported on the Cash Flow Budget Projection, a part of Exhibit C.

CWP contractors must record their monthly costs on an accrual basis. These costs are recorded on the CWP invoice format and submitted to Capital Workforce Partners by the 10th day following the close of the previous month. Invoices are submitted to the CWP contract specialist who will review for accuracy and once approved by program management, forward to CWP Finance for payment.

On a quarterly basis, the monthly expenditures for each category – Personnel, Non-Personnel and Subcontracts – within the cost reimbursement contract will be reviewed for accuracy and reasonableness. At this review, the total actual expenditures for the three categories will be compared against the projected quarterly expenditures. If the actual expenditures in any category are less than 90% of the projected quarterly amount, the difference will be subject to formal de-obligation from the originally contracted amount. The contractor may provide written justification as to why the underexpenditure is occurring during the quarter, and details how the costs will be expended in the following quarter. This plan must be approved by CWP. If there is no justification for the underexpenditure, CWP may elect to de-obligate the contract underexpenditure, and modify the contract to reflect the reduced contract amount.

If CWP chooses to de-obligate the contract, the calculations for the revised contract amount will be done by the contract specialist by the 30th of the month following the quarter. In addition, the contract specialist will prepare the contract modification documents and submit them to the contractor for signature. The contractor will also be required to revise the Cash Flow Budget Projection with the modified contract amount. Once the contractor's signature is obtained, the modification form will be sent to the President and CEO for signature and execution.

An original of the contract modification will be kept by the CWP Finance Department and filed in the original contract folder.