

## Rivers East Workforce Development Board

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RIVERS EAST LA ISSUANCE 2021-32 CHANGE 1

SUBJECT: RIVERS EAST FINANCIAL MANAGEMENT POLICY

PURPOSE: To establish Local Area policy on regional financial management procedures and requirements.

ACTION: Board staff and Service providers are expected to comply with provisions as outlined in this policy. Actions requiring prior approval should be submitted in writing on forms provided by the Local Area.

EFFECTIVE DATE: April 30, 2018

REVISION DATE: June 30, 2025

A handwritten signature in black ink that reads "Jennie Bowen". The signature is written in a cursive style and is positioned above a horizontal line.

Jennie Bowen  
Workforce Development Director

Attachment

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Mid-East Commission • Workforce Development Department  
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## **FUNDING**

**LOCAL AREA:** The Division of Workforce Solutions issues allocations to the Local Areas and other recipients based on preliminary allocations provided to the State by the US Department of Labor (USDOL) for Adult, Youth and Dislocated Worker program activities. The Rivers East Workforce Development Board awards contracts based on fund availability, prior performance, and proposal information. Funds are awarded for a period of two years unless indicated otherwise. The Local Area is allocated 10% of the total allocation for administrative purposes.

**OTHER FUNDS:** other enhancement and/or special project funds may be awarded to fund pilot projects or meet special Local Area needs.

**CARRYOVER:** Unexpended funds that are recaptured by the Local Area and reallocated based on requests and need by the Workforce Development Board/Committees.

## **PROCUREMENT**

**COMPETITIVE PROPOSALS (Preferred Method):** Requests for Proposals (RFPs) solicit competitive proposals from interested training/service providers. The Competitive Proposal process will be the primary selection method for all programs in the Local Area. Contracts may be extended for an additional year if satisfactory performance is documented.

**NON-COMPETITIVE PROPOSALS:** Solicitation from a single source requires that certain conditions must be met (only available from one source, public emergency, board authorized). In all cases, a cost analysis must be completed.

**SMALL PURCHASES:** Used to procure supplies and equipment – Price comparisons must be obtained with three quotes. Documentation reflecting product description, prices and telephone quotes must be maintained. Staff must sign and date all quotes.

In addition, the Local Area follows the Local Policy on procurement and contracting: 2021-31 Procurement and Contracting.

## **COST CATEGORIES**

**PROGRAM:** Personnel and related non-personnel costs related to the tracking and monitoring of participant and performance information, employment statistics information (including job listing information, job skills information, demand occupation information), performance and program cost information on eligible providers of training services, youth activities, and appropriate education activities/local area performance information, information relating to supportive services and unemployment insurance claims for program participants/continuous improvement activities based on the purpose or nature of the activity to be improved, core – intensive – training services to clients, etc.

**ADMINISTRATION:** Personnel and non-personnel costs that are associated with the overall management and administration of workforce investment activities/preparing program plans, budgets, schedules, negotiating MOUs, public relations not related to program outreach, developing systems and procedures for assuring compliance with program requirements,

coordinating the resolution of audits, reviews, investigations and incident reports, performing oversight responsibilities, etc.

Some agencies may have an approved indirect cost rate; not all agencies request or charge for administrative support. All administrative and indirect costs are negotiable.

**PROGRAM INCOME:** When the cost of generating program income has been charged to the program, the gross amount earned must be added to the WIOA program. However, the cost of generating program income must be subtracted from the amount earned to establish the net amount of program income available for use under the grants when these costs have not been charged to the program.

## **BUDGETS**

**SUBRECIPIENTS** – Adult, Dislocated Worker, and Youth programs are operated through the local NCWorks Center. Each NCWorks Career Center in the Local Area is awarded funds to support workforce development activities in their county. Budgets support the following: staff salaries/fringe benefits, staff travel, employer OJT incentives, occupancy costs, non-expendable property purchase/lease, worker experience wages/fringe, childcare costs, participant transportation, other participant services, and other program costs.

**OCCUPANCY COSTS** – The WDB will set-aside funds to cover WIOA program providers' "fair share" of NCWorks operating costs.

**SUPPLEMENTAL/ENHANCEMENT FUNDS** – Separate budgets are required for all supplemental funds. Monthly reports must also be completed for reimbursement.

## **CASH MANAGEMENT**

**CASH DRAWDOWN** – The LA submits cash requests via WISE by 11:59 PM each Monday. All recipients must develop cash management procedures that ensure no excess cash is on hand. Excess cash is defined as any cash that is not disbursed within three working days after receipt of cash and exceeds your immediate cash needs.

**PENALTIES** - When a subrecipient demonstrates an inability or unwillingness to follow established procedures and LA issuances, adhere to laws and regulations, or is unable to submit reliable and accurate monthly reports, the LA may withhold reimbursements.

## **FINANCIAL REPORTING**

**MONTHLY FINANCIAL REPORTS:** All WIOA Subrecipients' monthly financial reports are due to the Local Area no later than the 10<sup>th</sup> of each month. The Local Area follows Local Area policy 2021-27 Invoice Processing and Reimbursement when processing and paying subrecipient invoices/monthly financial reports.

**BUDGET REVISIONS:** All budget revisions must be submitted to the Compliance Manager for approval prior to budget adjustments being made. Local Area staff will not process monthly reports reflecting unapproved line-item changes.

**DELINQUENT REPORTS:** Delinquent monthly reports and excessive budget revisions will result in monitoring concerns. It is important to request reimbursement monthly from the Local Area.

**CLOSE-OUT REPORTS:** WIOA Service Providers are required to submit a final Financial Status Report and a Close-Out Statement as outlined in the LA annual closeout instructions.

### **OFFICE OF MANAGEMENT AND BUDGET (OMB)**

**Uniform Guidance:** OMB Uniform Guidance provides instruction in several administrative areas, including (1) financial management and cost principles, (2) audit, (3) grants management, (4) records management, and (5) property management. In some cases, the state and Local Area requirements are more restrictive than the Uniform Guidance. In cases where the state/ LA and Uniform Guidance requirements conflict, the most restrictive requirement must be followed.

**References:** 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and 2 CFR Part 290 Grants and Agreements

**Cost Principles:** In determining allowable costs under a grant or contract, the recipient must (unless granted prior approval by the Local Area)

1. Follow federal cost principles, including any subsequent amendments to the Uniform Guidance cited which are applicable to the recipient's organization.
2. Allow only those costs permitted under the cost principles which are reasonable, allocable, necessary to achieve approved program goals, and which are in accordance with recipient policy and terms of the grant or contract.

The following general cost principles may be used in determining allowability for grants:

- Costs must be necessary and reasonable: Any cost charged to a grant must be necessary and reasonable for the proper and efficient performance and administration of the grant. A grantee or subgrantee is required to exercise sound business practices and to comply with its procedure for charging costs.
- Costs must be allocable: A grantee or subgrantee may charge costs to the grant if those costs are clearly identifiable as benefiting the grant program. Costs charged to the grant should benefit only the grant program, not other programs or activities. In order to be allocable, a cost must be treated consistently with like costs and incurred specifically for the program being charged.
- Costs must be authorized or not prohibited under Federal, State or Local laws or regulations: Costs incurred must not be prohibited by any Federal, State or Local laws.
- Costs must receive consistent treatment by a grantee: A grantee or subgrantee must treat a cost uniformly across program elements and from year to year. Costs that are indirect for some programs cannot be considered direct Employment and Training Administration (ETA) grant costs.
- Costs must not be used to meet matching or cost-sharing requirements: A grantee may not use federally funded costs, whether direct or indirect, as a match to meet matching fund requirements unless specifically authorized by law.
- Costs must be adequately documented: A grantee must document all costs in a manner consistent with Generally Accepted Accounting Principles (GAAP).

Examples include retaining evidence of competitive bidding for services or supplies, adequate time records for employees who charge time against the grant, invoices, receipts, purchase orders, etc.

- Costs must conform to ETA grant exclusions and limitations: A grantee or subgrantee may not charge a cost to the grant that is unallowable per the grant regulations, or the cost limitations specified in the regulations.

## **DE-OBLIGATION AND REALLOCATION**

It is the expectation of the Local Area that each service provider spends at least 80% of its annual allocation. During fiscal monitoring reviews, it will be determined if satisfactory progress is being made towards the 80% goal. Service providers can voluntarily request a deobligation of awarded funds to cover a need in the region. The Local Area also reserves the right to request an involuntary deobligation for providers not making satisfactory progress.

## **AUDIT RESOLUTION**

Non-federal service providers that expend \$1,000,000 or more in a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of Uniform Guidance 2 CFR Part 200 Subpart F 200.501 Audit Requirements. Details are provided in the Uniform Guidance relating to specified types of subrecipients. Any entity that spends less than \$1,000,000 a year in Federal funds is exempt from the audit requirements, but records must be made available for review if requested.

WIOA Service Providers are required to submit an annual audit to the Mid-East Commission, Attention: Finance Director.

## **CONSULTANTS AND PERSONAL SERVICE CONTRACTS**

Consultants and personal services contract, regardless of cost, require Local Area approval. At a minimum, the request letter needs to contain the following information:

1. Estimation of cost and fund source;
2. Contract period;
3. Explain the purpose of the contract and what is expected to be gained;
4. Indicate that the contractor shall adhere to state, local, and board policies.
5. List whether the procurement is Competitive or Non-Competitive

## **FINANCIAL MONITORING**

The Local Area will conduct virtual and on-site financial reviews with each WIOA Service Provider during the contract period. A monitoring schedule will be shared with Service Providers at the beginning of the fiscal year, and an official notification letter will be mailed at least ten days prior to the visit.

The following information should be available for review: project budgets and any budget modifications; general ledger; participant and staff timesheets; participant and staff travel reimbursement forms; requests for purchase of property and approval documentation; most recent audit; bank statements and cancelled checks; approved indirect cost plan; cost allocation plan.

A monitoring report will be issued within thirty (30) working days of the monitoring visit. The service provider will have ten (10) days from receipt of the report to respond with a corrective action plan if necessary. Any disallowed costs must be repaid to Mid-East Commission within thirty (30) days of notification of disallowance. Reports will be copied to the WDB chair and the oversight committee chair.

### **Equipment and Property Management**

The Grant Administration Agreement between the WDB and the subrecipient in the 'Property' Section 3.6, sets forth the policies for equipment and property. The Grant Administrator and subrecipients shall adhere to all state and local government procurement policies and procedures when acquiring all non-expendable property.

Title to property acquired with WIOA funds becomes vested with the Grant Administrator, who retains the title to the property and is responsible for the identification, accountability, inventory, and proper maintenance and security of all property under its control.

Property means tangible non-expendable property, including exempt property, charged directly to the award having a useful life of more than one year and an acquisition cost of \$500 or more per unit, and as outlined in the 'Property' Section 3.6 of the Grant Administration Agreement.

Property records shall be maintained, and a physical inventory of equipment shall be taken at least annually and reconciled to the property records. An appropriate control system shall be used to safeguard property, and equipment shall be adequately maintained by the Local Area.

In addition to the subgrantee's inventory system, additional information must be entered to accurately identify the property:

1. Source of funding
2. Manufacturer's name and serial number or other identification number (such as inventory tag).
3. Description of item
4. Unit cost including taxes, shipping and handling
5. Location of property
6. Acquisition date (or date received if the property was furnished by the federal government)
7. Date of disposal and sale price

8. Percentage of federal participation in the project costs for the federal award under which the property was acquired

In addition to the requirements above, the following must occur:

- A physical property inventory must be conducted and the results reconciled with the property records at least annually.
- A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property; any loss, damage or theft of property must be investigated.
- Adequate maintenance procedures must be established to keep the property in good operating order.
- Proper sales procedures must be established to ensure the highest possible return (Uniform Guidance Section 200.313(d) and Section 97.32(d)).