



Higher Education Coordinating Commission Office of Workforce Investments Policy	
Subject: Financial Management and Administrative Standards	
Focus:	<input checked="" type="checkbox"/> WIOA Title I <input checked="" type="checkbox"/> National DWG <input type="checkbox"/> State Grants <input type="checkbox"/> Other:
Publish Date: 03/27/2024	<input type="checkbox"/> New Policy <input checked="" type="checkbox"/> Revised Policy

## Overview

Grantees and subrecipients funded under the Workforce Innovation and Opportunity Act (WIOA), whether in whole or in part, must abide by:

- WIOA and the WIOA Final Rule.
- Department of Labor guidance.
- The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Final Rule.
- State regulations, laws and rules (Oregon Revised Statutes and Oregon Administrative Rules).
- The Higher Education Coordinating Commission (HECC) Office of Workforce Investments (OWI) policies.

Outlined below are the HECC-OWI policies relative to financial management and administrative oversight.

## Financial Management Policy

Financial systems shall allow for effective fiscal and internal controls and accountability for funds, property, and other assets to ensure they are used solely for authorized purposes as stated in 2 CFR 200.303 Internal Controls. All subrecipients shall maintain all data elements used in required federal reports in accordance with established program definitions contained in the WIOA law and regulations and state policies.

Accounting systems shall meet and follow the current Generally Accepted Accounting Principles (GAAP) and demonstrate compliance with legal and contractual requirements, as well as follow consistent rules for aggregation of detailed data to summary level:

- Accounting systems will compare budgeted amounts to actual expenditures including proper charging of costs and cost allocations.
- Information pertaining to subgrant and contract awards, obligations, unobligated balances, assets, liabilities, expenditures, income, program income, matching, and stand-in costs.
- Permit the tracking of funds to a level of expenditure adequate to establish that funds have not been used in violation of the WIOA.

Written procedures shall be in place for determining allowability and allocability of grant costs. Accounting records may be maintained on a cash or modified accrual accounting basis. For reporting purposes only, financial data shall be submitted on an accrued expenditure basis.

Accounting systems shall provide for accurate, current, and complete disclosure of all expenditures including but not limited to those from grants, contracts, or agreements. The costs shall be traceable to a level of detail that establishes compliance with WIOA applicable laws and regulations.

Annually each Local Workforce Development Board (LWDB) fiscal agent shall hire an independent auditor to conduct an audit of its financial operations and provide a copy of the audit report to HECC-OWI.

LWDB fiscal agents are required to conduct fiscal monitoring of their subrecipients annually and ensure resolution of any findings in accordance with 2 CFR 200.331 and 200.332.

### **Cost Principles and Allowable Costs Policy**

Costs must be documented with receipts, and be necessary, reasonable, allowable, and allocable to the grant.

Certain costs are allowable only if approval is granted prior to incurring the cost (see Prior Approval section). WIOA delegates the authority for granting prior approval to the governor or designee; HECC-OWI is the designee.

### **Cash Management Policy**

LWDB fiscal agents and subrecipients shall minimize the time elapsing between receipt of WIOA funds and disbursement in order to maintain minimum cash balances.

LWDB fiscal agents and subrecipients must maintain an adequate system of internal controls to safeguard cash as specified in GAAP and the Uniform Administrative Requirements. Should the LWDB fiscal agent or subrecipient fail to comply with these policies, HECC-OWI may withhold payment until the condition is corrected.

Interest earned on WIOA funds may be retained and shall be used to pay for WIOA expenditures. Interest earned shall be accounted for as Program Income for reporting purposes.

This treatment of interest does not allow recipients of WIOA funds to ignore the requirements or intent of these cash management requirements. All recipients must continue to minimize the time elapsing between receipt of WIOA funds and their disbursement. Interest earned is to be used to minimize periodic cash requests. Cash draws will be completed in accordance with instructions provided by HECC-OWI.

Cash draws must be submitted through the cash draw web portal in accordance with the annual calendar prepared and distributed by HECC-OWI. Accounting records pertaining to draws and supporting documentation must be retained by the LWDB fiscal agent.

### **Reallocation**

At the end of the second year of a WIOA formula fund allocation period, (federal Program Year (PY) or Fiscal Year (FY)), HECC-OWI is required to recapture any unexpended WIOA formula allocated youth, adult, and dislocated worker funds. This includes both unspent program and administrative funds. Funds recaptured at that time may be used by HECC-OWI for statewide activities, or distributed to other local workforce areas.

HECC-OWI will conduct quarterly reviews of local workforce area quarterly financial status reports (FSRs) submitted via the HECC-OWI on-line WIOA reporting system. HECC-OWI will provide a brief written summary to the local workforce areas for each quarter. Summaries for the quarter ending June 30<sup>th</sup> will include details on the status of funds which remain unexpended, and include an outline of any plans for recapture and reallocation.

### **Program Income Policy**

Program Income means gross income earned by a subrecipient that is directly generated by a supported activity or earned as a result of the WIOA award during the period of performance. Program Income does not increase the amount of funds authorized for the subaward. It is considered additional revenue available for use in support of allowable subaward activities.

Program Income includes, but is not limited to, income from the following:

- The use or rental of property acquired with WIOA funds.
- The sale of commodities or items fabricated under a WIOA award.
- License fees and royalties on patents or copyrights.
- Goods or services (including conferences) provided as a result of WIOA funded activities.
- Any excess of revenue over costs incurred for services provided.
- Interest earned on funds received under WIOA.
- Fees from employers to use services, facilities or equipment.

LWDB fiscal agents and subrecipients must account for Program Income using the Addition Method, which adds program income to the WIOA award, and it is then used to provide the same services as provided for under the original subaward agreement. The Program Income generated by the subrecipient and available for program activities will not be formally modified into the subaward amount.

Although Program Income can be accounted for as available until the income is used, any cash-on-hand from Program Income must be liquidated before the subrecipient may request additional WIOA cash for any purpose.

### **Procurement Policy**

All entities receiving WIOA funds are subject to the requirements for documented procurement procedures set forth in the Uniform Administrative Requirements. Where additional state, agency or local rules related to procurement provide further definition or direction, but do not contradict or conflict with federal rules governing WIOA funds, the state, agency or local rules are binding. If any state, agency or local rule contradicts or conflicts with federal rules governing WIOA funds, the federal rules take precedence.

State agencies using WIOA funds must comply with the requirements of Oregon Revised Statutes (ORS) 190, ORS 279 and Oregon Administrative Rule (OAR) Chapter 125, Divisions 246–249, as applicable, for all procurements.

Procurement processes must be documented in writing and include all procurement policies, methods, and the respective procedures related to each, and subsequent actions. Procurement processes must include and specifically address the following components:

- Solicitation methods that promote fair and open competition.
- A system for the administration of contracts and grants, including awards made only to responsible and responsive parties.
- A written standard of conduct to include the WIOA-specific conflict of interest provisions.
- Review of procurements to avoid purchase of unnecessary or duplicate items, including analysis of lease versus purchase.
- Documentation standards must address, as appropriate: Cost analysis, evaluations, quotes, proposals, bids, contracts, agreements, payment, packing slip/receipt, and invoices.
- A written protest procedure, negotiation procedure, and settlement process.

Procurement processes must stipulate that procurement records be maintained and include clear descriptions of all work or materials being procured, specific definitions for deliverables and/or outcomes; standards for work quality or performance; acceptability criteria, timelines, reports, or related documentation; cost components; and vendor invoicing and contract payment structure. Documentation specifically addressing cost analysis, and justification performed; solicitation methods used and outcomes; contract award process used; and contract or agreement documents must also be included.

Exclusions that apply to this policy include:

- On-The-Job Training (OJT). The competitive provisions of this policy will not apply to OJT employers, except in the procurement of OJT brokering services.
- Customized Training agreements are excluded from procurement requirements.
- Training on an Eligible Training Provider List. The training from vendors is excluded if it is on the State/Local list.
- Support Services. The provision of support services is excluded if the cost is within the Federal Micro-Purchase threshold. Local policy limitations must be followed.
- WIOA Admin services are excluded from procurement requirements with the exception of Audit Services which must be procured in accordance with local policy.

## **Equipment Policy**

Each LWDB fiscal agent and subrecipient is responsible for having a written policy addressing how they will ensure the management and inventory of all equipment obtained using WIOA funds. At a minimum, equipment records for equipment purchased with a per unit cost of \$5,000 or more must be maintained and provide:

- An item description.

- The serial number or other identifying number.
- The source of funding, including the grant or agreement number.
- Where the title rests – with the grantee or other entity (name).
- The acquisition date and cost.
- The percent of federal participation in the project that purchased the equipment.
- The location, use and condition of the property.
- Any ultimate disposition data, including the date of disposal and sale price of the property.

At least every two years, LWDB fiscal agents and subrecipients must perform and document an inventory of all equipment purchased with WIOA funds. Inventory results must be reconciled with current records and all discrepancies shall be investigated. Investigation findings shall be documented in the records, and copies of all inventory documents retained.

A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property.

A copy of the inventory of equipment must be maintained on file and available for review. All LWDB fiscal agents and subrecipients must:

- Keep equipment in good condition.
- Retain all records for three years after disposal of equipment.
- Tag all equipment purchased with WIOA funds in a manner that will identify the equipment as WIOA fund based.

In addition, each LWDB fiscal agent and subrecipient must follow reasonable safeguards for protecting their assets and obtain loss and destruction insurance for each piece of equipment.

### **Prior Approval Policy**

For the purchase of equipment or fixed assets with a per unit cost of \$5,000 or more, prior written approval from HECC-OWI must be obtained. Requests for approval must include all information pertinent to the item to be purchased including a description of the item, the planned solicitation methodology, planned use of the equipment and the benefit to the program.

Prior written approval is required for a change in the disposition of equipment or fixed assets with a fair market value of \$5,000 or more. The change of disposition request must include all information pertinent to the item to be disposed of including a description of the item, the acquisition date and cost, current fair market value, serial number(s), and present condition.

Regardless of the cost, prior written approval is required for:

- Membership in civic or community organizations that are fraternal or social in nature. Does not include Chambers of Commerce or business associations.
- Special arrangements and alteration costs of facilities to accommodate remodeling.

Approval requests are to be sent to HECC-OWI. In the event that there are unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the award, and if the supplies are not needed for any other federally-sponsored program or project, the LWDB fiscal agent or subrecipient shall compensate the federal government for its share.

### **Required Action**

LWDB fiscal agents and subrecipients must develop and implement policies or procedures that comply with these policies; HECC-OWI will monitor for compliance.

### **Contact**

Questions are to be referred to [hecc.owi-workforce-policy@hecc.oregon.gov](mailto:hecc.owi-workforce-policy@hecc.oregon.gov).

### **References**

- WIOA Public Law 113-128, Section 184.
- WIOA Final Rule – Joint and Department of Labor Only.
- 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards; Final Rule.
- 2 CFR Part 2900, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Department of Labor Exceptions).
- 20 CFR 683.110