



Spokane Area WORKFORCE DEVELOPMENT COUNCIL

Fiscal Guidelines

Workforce Investment Act Policies and Procedures

POLICY #: 200

Date of Original Policy: March 21, 2008

Revised: June 18, 2008

BACKGROUND:

The Spokane Area Workforce Development Council (SAWDC) has chosen to subgrant the delivery of program services to responsible public, private nonprofit, and private for profit agencies in the community. Selection and evaluation of service providers will be through the Request for Proposal (RFP) process.

Subrecipient Award (SA) means an award of WIA financial assistance in the form of money, or property in lieu of money, made under a grant by a recipient to an eligible subrecipient. It also means a subgrant award of WIA financial assistance by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement purchases from vendors nor does it include any form of assistance received by program participants.

Subrecipient means the legal entity to whom a Subrecipient Agreement (SA) is awarded and who is accountable to the recipient (or higher tier subrecipient) for the use of the funds provided. For WIA purposes, distinguishing characteristics of a subrecipient include items such as determining eligibility of applicants, enrollment of participants, performance measured against meeting the objectives of the program, responsibility for programmatic decision making, responsibility for compliance with program requirements, and use of the funds awarded to carry out a WIA program or project, as compared to providing goods or services for a WIA program or project (vendor).

POLICY:

A. SUBRECIPIENT AGREEMENT BUDGETS:

Subrecipients are bound through the Subrecipient Agreement to spend or obligate funds only as authorized in the approved budget schedule and subsequently approved modifications and to operate programs in accordance with the approved Subrecipient Agreement narrative. All items budgeted must be necessary and reasonable for the proper and efficient administration and operation of the Subrecipient Agreement.

1. STAFF SALARIES AND FRINGE BENEFITS:

Reimbursement for subrecipient staff is limited to positions, salary amounts and fringe benefit items approved in the Subrecipient Agreement. Actual staff positions, salaries, wages and fringe benefits must be specified in the approved budget schedule. Any planned staff changes and/or salary/fringe benefit increase must be built into the budget schedule. Averages are not acceptable.

Costs of fringe benefits are allowable to the extent that total compensation for employees is reasonable for services rendered and consistent with agency policy. Payment for positions or amounts not authorized by the Subrecipient Agreement will not be allowed. Reimbursement will be limited to the most recently approved budget schedule. Subrecipients can, however, supplement approved staffing levels and/or compensation schedules by using non-WIA sources.

A copy of your agency salary schedule and fringe benefit package itemization must be part of your policy and procedures manual and available for SAWDC review. A copy of your agency cost allocation plan must be part of your policy and procedures manual and available for SAWDC review.

2. EQUIPMENT PURCHASED AND RENTED:

- a. Items to be purchased or rented must be specified in the budget schedule. Maintenance costs must be recognized and appropriately budgeted as part of any purchase/rental agreement or separately as a contracted service if a separate contract.
- b. Prior approval must be obtained to purchase any equipment.

3. OUT OF COUNTY TRAVEL

All out-of-county travel must be documented as directly related to the operation of the WIA subgrant and benefiting the WIA program. Proof of travel must also be maintained. When an agency uses a per diem system, a written procedure must be established specifying at a minimum the food and lodging rates allowable. A copy of this per diem procedure must be in your policy and procedure manual. Out-of-county travel is limited to 1.0% of the subgrant total. This limitation refers to automobile reimbursement, air fare, or the cost of other human carriers.

4. CONTRACTED SERVICES

Contracted services must be specified and appropriate procurement procedures be followed. Types of procurement include formal advertising, negotiated, non-competitive and preferential. Prior SAWDC approval is required and should be requested by additional explanatory letter at least 14 days prior to planned purchase (You will be informed if higher level approval is required which could extend the approval period.). Type of payment should specify how contractor will be paid, e.g., hourly, per participant, per month of service, etc. A signed written contract should exist for all contracted services. All proposed subcontracts must be disclosed during the RFP process. Subsequent vendor agreements will be reviewed and approved in accordance with existing SAWDC policy. The subrecipient will not be allowed to subcontract the operation of the program or major program components to another entity.

- a. Personal service contracts are agreements or contracts for professional services (e.g. accounting, financial services, workshops, classes/courses not offered through an educational facility, etc.) entered into between the subrecipient and an entity or person who is not a regular employee of the subrecipient.

In requesting prior approval for property acquisitions or personal service contracts, the appropriate attachment must be completed and submitted to the SAWDC for review at least fourteen (14) days before the proposed purchase or contract implementation date. The subrecipient will be informed if higher level approval is required which could extend the approval period. Subrecipients shall further assure compliance with appropriate regulations governing procurement and property management standards.

Subrecipients are encouraged to submit approval requests with their RFPs at the beginning of the funding cycle, but may request SAWDC approval at other times during the program year when need arises. In all cases, purchase approval is contingent upon funds being available in the appropriate line item of the approved Subrecipient Agreement budget. It is important to note, however, that for cost items requiring prior SAWDC/higher authority approval, a signed budget agreement delineating proposed costs associated with the item does not fulfill the requirement for obtaining prior SAWDC/higher authority authorization to purchase/lease or enter into a personal services contract.

5. PARTICIPANT PAYMENTS

All payments to participants must be budgeted and of a type as authorized by the WIA and its immediate Regulations.

6. SUPPORTIVE SERVICES

The term "supportive services" means services such as transportation, child care, dependent care, housing, and needs-related payments, that are necessary to enable an individual to participate in activities authorized under this title, consistent with the provisions of this title. The SAWDC may impose dollar limits, and subrecipients must have any such limits described in their internal policy. Supportive services will generally be provided during training and are not generally available to applicants.

Each service provider administers, as part of its Subrecipient Agreement, a supportive service budget. Documentation of need, approval, receipt of service, and disbursement of funds will be part of Subrecipient Agreement records (participant and fiscal). Report of subrecipient activity in this area will be reported to the SAWDC on monthly fiscal reports. As part of subrecipient operations these activities, documents and records are subject to regular SAWDC monitoring.

Each subrecipient is responsible for implementing supportive service payment procedures and controls to assure that proper documentation is maintained and is available for review. Internal agency policy should be administered fairly and consistently.

- a. Participant supportive services will be provided only to participants: enrolled in one or more activity, or during the first 90 days in unsubsidized employment when necessary to help retain the placement job. Such services will be provided only following a determination that the services cannot be provided by other agencies or organizations at no cost to WIA. Expenditures for participant supportive services shall not at any time exceed the amount contained in the approved Subrecipient Agreement.
- b. Justification for the appropriateness of participant supportive services must be documented in the participant file. The justification should be based on an individual assessment of need and documented as the last resource available, on the ISS/IEP, in the counseling narrative, or on an agency internal request form. At least one supportive service must be recorded in the SKIES database client record. Among the factors to be considered are:
 - other available non-WIA community resources;
 - the participant's ability to secure the service through his/her own means;
 - length of enrollment;
 - will service address barrier identified on the ISS/IEP;
 - if enrolled in a paid component when will the next paycheck be available;
 - cumulative supportive services used by participant to date compared to fund availability and/or any internal agency guidelines.
- c. Internal tracking should include a cumulative record of payments for each participant.

- d. Purchase orders or letters of authorization should be utilized whenever possible. Itemized bills or invoices should be returned by the vendor whenever possible and maintained in the fiscal file. Cash payments made directly to participants for a supportive service is discouraged. Participants should sign an internal tracking document acknowledging receipt of goods or services.
- e. Internal approval authority should be clearly specified.
- f. If an agency petty cash fund is utilized, there should be sufficient documentation to show the flow of funds through the account.
- g. Caution should be exercised if salary advances are utilized in addressing emergency or supportive service needs.
- h. It is appropriate to have a staff member accompany participants to vendors to prevent unauthorized purchases, to make sure purchase is appropriate, and to facilitate payment procedures.
- i. No maximum dollar limitations are established by the SAWDC. However, subrecipients should maximize use of limited WIA supportive service resources.
- j. Continuing requests for supportive services should signal a complete review of the participant's ISS/IEP and plan for WIA services.
- k. Supportive Services as an allowable post-exit service (reference WIA Information Memo 002-01, July 19, 2001).

20 CFR Part 662 Subpart C – 662.240(b) and WIA section 134(d) (2) describe what activities shall, at a minimum, be included as core services. This includes information on the availability of supportive services.

20 CFR Part 663 Subpart H – 663.805 (a)(1) and (b) state that supportive services may only be provided to individuals who are participating in core, intensive, or training services and only when they are necessary to enable individuals to participate in Title I activities.

Participants can continue to receive core services as follow up services after exit and supportive services are considered core services. Exits are established for purposes of counting performance but are not meant to be the end of all contact and service to participants.”

B. BUDGET MODIFICATIONS

1. BUDGET LINE ITEMS:

Each budget line item, as identified by title and labeled on the budget schedule, is the maximum allowable expenditure in that item for the Subrecipient Agreement period. Occasionally, there are unforeseen events or circumstances which affect a subrecipient's ability to stay within the approved budget while meeting its obligations. The impact may not be recognized until a line item is exceeded. If a line item is inadvertently exceeded, a waiver of repayment must be requested for consideration using the appropriate form (Attachment D). To be considered, the following conditions must apply:

- a. The amount of the overage(s) is not material.
- b. The amount of the overage must not be more than 10% of the individual line item.
- c. Funds remain unspent in other line items within the same cost category to cover the overage.
- d. The event triggering the overage was unanticipated and could not be foreseen; examples would include retroactive pay increases, union settlements, revised allocations from parent agency, etc.
- e. If Monthly Report of Accrued Expenditures and Budget Balance is submitted with any line item overages, then a Request for Waiver must be submitted with the report. If request is approved a copy of the signed Waiver must accompany all subsequent reports to document deficit maximum authorized.

The SAWDC will, at its discretion, evaluate and approve or deny, in part or whole, waiver requests.

If a need arises during the program year that is not adequately covered by the Subrecipient Agreement, a modification must be requested and obtained prior to any obligation of funds to satisfy that newly recognized need. If an overage is expected or realized a budget modification would be required instead of a waiver.

The SAWDC will, at its discretion, evaluate and approve or deny all budget modification requests.

2. NO RETROACTIVE APPROVAL:

Obligations or expenditures of subrecipient agreement funds cannot be incurred prior to the date stated in the Letter of Award, or the effective date (whichever is later) of the subrecipient agreement or modification. Obligation or expenditure of WIA funds prior to approval is grounds for questioning and eventual disallowance of those expenditures.

3. NON-BUDGET SCHEDULE MODIFICATIONS:

Modifications altering the subrecipient's fiscal and participant loading plans and performance goals/objectives for the reason of bringing them into compliance with actual performance will not be accepted. Changes brought about by program design changes, funding changes, etc., will be considered. Subrecipient Agreement narratives must meet the requirements contained in the original Request for Proposal package and accurately describe parameters of program design and operation. If significant changes occur, the subrecipient should request a modification to the narrative.

4. MODIFICATION PROCEDURES:

Modification requests shall conform to the following requirements:

- a. All Modifications – Subrecipient must submit a narrative for “Request for Budget Modification” to the SAWDC Director (or designee) for review. In general a budget modification request that does not substantially change service delivery or program design will require a Letter Modification Request (Attachment A). Budget modifications that do significantly impact the delivery of service and/or program design may need to be addressed with a Complete Budget Modification. The decision as to which modification process is needed resides with the SAWDC.
- b. Letter modification request (Attachment A) - Line item adjustments involving six or fewer changes which do not change the Subrecipient Agreement total award may be submitted by a letter modification request.
- c. Complete Budget modification - Line item adjustments involving more than six changes **or** staff position additions and/or deletions require submission of a complete budget revision. Complete budget revision modifications must include:
 1. a one page summary of the changes made from the previous budget. This summary should include identification of line items being changed and the change (increase/decrease) to each line item.
 2. a completed budget schedule with staff composition
 3. appropriate signature page (Attachment B for non-funding changes, or Attachment C for fund changes)
 4. (if applicable) a completed participant and fiscal loading chart
- d. Two copies of the modification request with original authorized signatures are required. Modification requests must be signed by the Subrecipient Agreement signatory authorized to enter into a legal agreement for the agency. You must use the correct signature form when submitting your budget/modification (see Attachments B or C).

5. SIGNATURE PAGE

Attachment B: With the SAWDC Director's signature line: Complete budget revisions not meeting requirements for line item modification with more than 6 line item changes but maintaining unchanged the total budget amount. This is still considered a major modification requiring subrecipient signature.

Signature Page Attachment C: Requiring SAWDC signatures: Original program year budget and any major modification changing total budget amount.

Line Item Modification Form -Attachment A: Procedure remains unchanged; the SAWDC Director needs to approve.

If line item changes significantly affect spending patterns or program activities for participants, a fiscal and/or participant loading plan should be submitted. The SAWDC, at its discretion, may require a complete budget modification including loading plans to consolidate previous letter modifications.

Modification requests should be submitted at least one week prior to the proposed effective date for that modification.

Modifications will be accepted and reviewed up to one month before the end of the subgrant program year. Modifications submitted after that time may be rejected.

ATTACHMENTS:

- A – Line Item Modification
- B – Signature Page – no changes in funding
- C – Signature Page – with funding changes
- D - Waiver

REFERENCES:

Washington State Fiscal Controls and Accounting Guidelines
Public Law 105-200
20 CFR Part 652
OMB Circular A-122: Cost Principles for Non Profits
OMB Circular A-133: Audit of State and Local Government
OMB Circular A-133: Compliance Supplement
OMB Circular A-21: Cost Principles for Education Institutions
OMB Circular A-87: Revised Cost Principles for State and Local Government and Indian Tribal Government
Federal Register Vol. 65, No. 124, Resource Sharing for Workforce Investment Act One-Stop Centers; and
Generally Accepted Accounting Procedures (GAAP)

SUPERSEDES:

Policy Directive Number: B.1
Fiscal Policy 200 & Attachment D - March 2008 version

DIRECT INQUIRES TO:

(As referenced in SAWDC Staff Composition Policy #100)
Policy Manager
Spokane Area Workforce Development Council Administration
808 W. Spokane Falls Blvd.
City Hall, Room 606
Spokane, Washington 99201
Telephone: 509-625-6210/Fax: 509-625-6929