

## Program Year 2018

### RECIPIENT FUNDING

#### Administrative Adjustment/NFA Process

The Division of Workforce Solutions (DWS) issues planning allocations to Local Workforce Development Areas (Local Areas) and other recipients based on preliminary allocations provided to the state by the U.S. Department of Labor (USDOL). These preliminary allocations are subject to change; therefore, allocations are not official until the state receives a Notice of Award (NOA) from the USDOL. Once the state has received an NOA from the USDOL, Notices of Fund Availability (NFAs) are issued via Workforce Information System Enterprise (WISE) showing the funds available to the recipient. The funds are awarded by Program Year and must be tracked accordingly. Program Year funds are awarded for a period of two years unless indicated otherwise on the NFA letter as maintained in WISE. Funds availability may be reduced after issuance if the state's NOA is reduced by the USDOL.

NFA letters include the Local Area funding level by fund and program year. A Program Year fund amount will remain in WISE until the final audit for the Program Year has been reconciled, resolved, and agreed upon by both DWS and the Local Area. The Local Area should contact their assigned DWS Planner and submit an Administrative Adjustment via WISE to de-obligate any funds that will not be spent. Monthly Financial Reports are required until the NFA equals the Expenditures and Cash Drawdowns.

#### Obligational Authority

High Country WDB and HCCOG Finance Staff understands and agrees to the following terms laid out by DWS:

- NFAs are awarded to recipients/Local Workforce Boards when the funds become available to the state. High Country WDB staff will use the issuance of NFAs as the starting point for service delivery and the obligation of the funds included in the NFA. The only exception to this would be for the July and October formula funding that are effective on July 1<sup>st</sup> and October 1<sup>st</sup> when the NFA is issued after either of these respective dates but has an earlier effective date;
- “Obligational Authority” is not granted to recipients/Local Workforce Boards until the Local Area Plan, or another application, is in place as appropriate and is approved by DWS;
- Award recipients are not authorized to incur cost or allowed to request cash drawdowns until the funds are approved in WISE;
- Our Local Workforce Plan and subsequent modifications to our Workforce Plan will be prepared in accordance with the guidelines provided in the North Carolina Instructions for Local and Regional Workforce Development Area Plans Policy Statement.

## **CASH MANAGEMENT**

### Cash Drawdowns

High Country Workforce Development Board staff will utilize the NC Department of Commerce's Electronic Payments method to request funds in the WISE system. High Country has developed a system in conjunction with High Country Council of Governments finance office for reporting and tracking expenditures and revenues received from DWS and/or USDOL. High Country WDB staff and or HCCOG finance staff will complete the Authorization Agreement for Automatic Deposit and the Electronic Payment Form documents as required by DWS. The forms will be appropriately completed, signed and returned prior to initiating a recipient's first request for drawdown. These forms will be faxed or scanned to DWS with the signed originals mailed as needed in order for bank accounts to be set up on the payment system in a timely manner. HCWDB staff will maintain copies of drawdown requests, approval letters from DWS for requested funds and notices from the NC State Controller's office. When a cash transfer has been completed, HCWDB staff will share appropriate drawdown related documentation with HCCOG's finance staff to include an accurate accounting of where requested funds are to be posted in HCCOG's electronic accounting system. Cash requests will be made as needed to cover local area expenses. HCCOG will make requests based on actual expenses to avoid having any cash on hand to the greatest extent possible.

High Country agrees to the terms and schedule restrictions set forth by DWS for drawdown submissions and the receipt of funds

Each recipient and subrecipient must develop cash management procedures that ensure no excess cash is on hand. Excess cash is defined as any cash that exceeds your immediate cash needs.

When a recipient determines there is excess cash on hand, and cash is to be returned to DWS, a request for drawdown in a negative amount equal to the refund may be entered if additional drawdowns, when netted against the refund, exceed \$1 for that Program Year on the date requested.

### Sanctions

- High Country will make every effort available to follow established procedures that minimize the time between cash drawdowns and disbursements;
- High Country will adhere to laws, regulations or special conditions and make every effort to submit reliable and/or timely reports to DWS;
- High Country also understands that DWS may withhold fund requests in WISE for not adhering to the guidelines and expectations set forth in the most current statewide financial policy.

## **FINANCIAL REPORTING**

### Monthly Financial Reports

Expenditures will be reported on a monthly basis by Program Year on a Monthly Financial Report (MFR) via WISE. High Country understands that **MFRs are due by the last working day of the month following the report month for any open Program Year.** Any reports not keyed by the due date are considered delinquent. The fiscal reporting period for all MFRs is July through the following June. Cash expenditures are to be reported monthly to reflect the cumulative amount for the Program Year, while accruals are also reported monthly. In the event that Program Year funds are not fully expended by the end date specified on the Program Year budget, an administrative adjustment to de-obligate the remaining funds will be requested in WISE.

High Country understands that DWS will approve all MFR's on the first working day of the subsequent month. Once approved, WISE does not allow for modification. Any changes will be reported in the following month's MFR. If the approval has not yet been made, DWS Finance staff can be notified to return the MFR. This will allow the Local Area to re-submit a corrected MFR.

### Delinquent MFR's

High Country understands that delinquent MFRs will result in the following consequences:

1. Cash draw requests will be suspended on all Program Years until the delinquent report(s) is in the system.
2. A letter will be written notifying recipient officials of the occurrence of delinquent report(s) as follows:
  - a. First occurrence within a fiscal year - Letter is written to the Local Area Director with an offer of technical assistance.
  - b. Second occurrence within a fiscal year - Letter is written to the Local Area Director, Workforce Development Board (WDB) Chair, and Chief Elected Official (CEO).

## **Federal Office of Management and Budget (OMB)/OMB Uniform Guidance**

### 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 requirements are more restrictive than the Uniform Guidance. In cases where the DWS 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 written approval by DWS):**

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.

Special Organization-specific requirements are now combined in the Uniform Guidance but are readily identified in separate sections as stated in the Electronic Code of Federal Regulations.

[https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

## **DE-OBLIGATION AND REALLOCATION**

### De-obligation

Consistent with WIOA expenditure policies, it is the policy of the State of North Carolina that all Local Areas expend their full WIOA allocations within a two-year time frame from the original award year as further described below. Any exceptions will be noted in correspondence issued by DWS.

1. Effective at June 30 of the second full fiscal year after a WIOA allocation, all funds must be expended. Any unspent funds will be de-obligated from the Local Area and returned to the state via WISE.
2. Any change in funding necessitated by the de-obligation/reallocation policy will be made on a NFA.

Rapid Response or State Set Aside funding follow the end date as stated on the NFA Letter.

### Reallocation

DWS will redistribute de-obligated funds.

## **AUDIT**

### Audit Requirements

Non-Federal subrecipients that expend \$750,000 or more in a year in federal awards must 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.

### Audit Resolution

High Country understands that DWS is responsible for resolving the findings that arise from the state's monitoring reviews, investigations, and audits. Each entity that receives WIOA funds and awards a portion of those funds to one or more subrecipients shall:

1. Ensure that each subrecipient complies with the applicable audit requirements;
2. Resolve all audit findings that impact WIOA with its sub-recipient and ensure that corrective action for all such findings is instituted within six months after receipt of the audit report and where appropriate, corrective action shall include debt collection action for all disallowed costs; and
3. Maintain an audit resolution file documenting the disposition of reported questioned costs and corrective actions taken for all findings.

The debt collection policies and procedures and the auditee's right to appeal an audit determination will be in accordance with 2 CFR Part 200.516 Audit Findings, resolution of findings from monitoring and oversight reviews.

High Country has a system in place for audit reconciliation for its subrecipients according to the guidelines stated and/or referenced above.

## **PROPERTY PROCEDURES**

### Equipment and Property Management

The Grant Administration Agreement between DWS and the Local Area in the 'Property' Section 3.6, sets forth the state 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.

When property with a current per unit fair market value in excess of \$5,000 is no longer needed for a Federal Program, it may be retained or sold with the Federal Agency having a right to a proportionate amount of the current fair market value.

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

1. Funding source
2. Manufacturer's name
3. Serial number (if applicable)
4. Description of item
5. Unit cost including taxes, shipping and handling
6. Location of property
7. Date of delivery

### Auditable Areas

All subgrantees are responsible for establishing a property inventory system to cover the auditable areas of property management to include the following items:

1. Acquisition
2. Proper Local Area (LA) utilization
3. Maintenance
4. Inventory
5. Disposition
6. Exact location of property

The Grant Administrator and subrecipients are responsible for assuring activities funded under WIOA are audited in accordance with the requirements set forth in the "Recordkeeping, Reporting and Accounting" section of the Grant Administration Agreement.

Stand-in costs, if used for repayment, must have been recorded and reported as uncharged program costs under the same WIOA title, in the same program and during the same period in which the disallowed costs were incurred. The accounting for these stand-in costs are a function of Local Area financial accounting and are not identified separately in WISE.

### Acquisition

High Country understands that all property with unit costs of \$5,000 or more or an aggregate purchase (a purchase of multiple items of the same product) of \$5,000 or more (taxes, shipping and handling costs included) must have DWS approval and written certification by a Financial Monitor that the Local Area is in compliance with applicable state and federal laws and regulations, and are necessary and reasonable.

All purchase requests will be submitted to the assigned DWS Financial Monitor and accompanied by the following documentation:

1. Full justification of need and include the funding source.
2. Assurance that local procurement procedures were followed and that competitive bid determined the selection of one item over another.
3. Documentation that alternative methods of acquisition have been explored.
4. Location where property will be used.
5. Exact cost of property items, including installation, taxes, shipping and handling charges.

### Lease Equipment

In order to minimize the use of Local Area funds for the purchase of non-expendable property having unit costs of \$5,000 or more, subgrantees will explore alternate methods of acquisition rather than direct purchase.

All leases with options to purchase over \$5,000 must have DWS's review and written compliance certification.

### Computer Equipment

When submitting a request to purchase computer equipment, the unit cost must reflect the total sum of the individual cost of the components (keyboard, logic unit or CPU, monitor/display screen, and diskette drive).

Software installed on computer hard drives become a part of the computer cost.

### Missing, Stolen, or Maliciously Damaged Property

All situations involving property items with unit costs of \$5,000 or more will be reported to DWS immediately.

All missing, stolen, or maliciously damaged property items with unit costs between \$500 and \$4,999 will follow established written procedures as prescribed by High Country Local Area to include, immediate notification to the WDB staff by the one stop operator and/or the applicable WIOA service provider. The incident will be reported to the appropriate.

DWS will require the subgrantee to obtain a written report form from the proper law enforcement agency and submit a copy of the report to DWS.

### Disposition of Property

Equipment items with a current per unit fair market value of ***less than \$5,000*** may be retained, sold or disposed of with no obligation to the North Carolina Division of Workforce Solutions.

For equipment with a fair market value of ***\$5,000 or more***, recipients of WIOA funds should take the following steps as outlined in 2 CFR 200.313 (5) (e) (1) (2) (3) (4) 29 CFR 97.32 (g) and 29 CFR 95.34 (c):

1. The recipient may use the equipment in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by federal funds.
2. If the equipment is no longer needed by the original program/project, the recipient shall use the equipment in connection with its other federally sponsored activities. Priority should be given to programs funded by the DOL Employment Training Administration.
3. If the equipment is no longer needed by the program/project or used in connection with other federally sponsored activities, the recipient may:
  - a) Retain the equipment for other uses
  - b) Transfer the title to a third party or
  - c) Sell the equipment

If the equipment is retained, transferred or sold, then compensation must be made for the WIOA federal funds used in the purchase. The amount of compensation shall be computed by applying the percentage of WIOA federal funds used in the purchase. If only WIOA federal funds were used for the purchase then the percentage would be 100 percent. If both WIOA federal and local funds were used in the purchase then use the WIOA federal funds percentage for the calculation. This percentage is applied to the fair market value or proceeds of the sale for the equipment. Recipients of sub grants are permitted to deduct actual reasonable selling and handling expenses (\$500 or 10 percent of the proceeds of the sale, whichever is less) from the proceeds of the sale. The balance of WIOA federal funds must be sent within 30 days to the DWS Finance Unit. The Name of the Entity, Agreement Number, Program Year and Funding Stream must be provided when submitting the funds.

4. In the case of retention, transfer or sale of the equipment, a Request for Transfer or Disposition of Excess Property should be submitted and communicated to the DWS for pre-approval. All such forms, yearly inventory reports and requests for disposition approvals must be submitted to the respective DWS Financial Monitor at the DWS.
5. **Computation of "Fair Market" Value:** The selling price of an item that is sold through auction, advertisement, or a dealer is the fair market value of the item regardless of any prior estimates. An item that is not sold but retained by the entity has a fair market value based on similar items that are offered for sale, using the selling price if known. Methods for determining fair market value include, but are not limited to: Auction, Classified advertisements for similar used item, Dealers and Licensed appraisers. (For automobiles, trucks, and vans, the standard authority on the value of used vehicles is the Kelley's Blue Book).



### Property Records Retention

Property records (***for all WIOA property items costing \$500 and above***) must be maintained from the date of acquisition, through final disposition. Sub recipients must also retain those records for a period of three years from the date of their last expenditure report submitted to the DWS. If any litigation, claim, or audit is started before the expiration of the three-year period, all records must be retained until all findings have been resolved and final action taken.

### **OUTREACH SERVICES**

Pursuant to the Uniform Administrative Guidance WIOA 2 CFR 200.421 (b)(4), WDBs may purchase outreach materials to promote WIOA services and programs to eligible audiences. The material must be necessary, reasonable, allowable and allocable and at a minimum the documentation must include the following:

1. The material must contain information related to the WIOA program.
2. A Statement of Work (SOW) that detail the events for which the outreach materials will be provided.
3. Detail the measures for safeguarding the outreach materials.
4. Three quotes are required for procurement regardless of cost.
5. List the funding source to be used.