

Employment Security Department

WASHINGTON STATE

Workforce Innovation and Opportunity Act Policy Employment System Administration and Policy

Washington envisions a nationally recognized fully integrated One-Stop system with enhanced customer access to program services, improved long-term employment outcomes for job seekers and consistent, high quality services to business customers. In order to achieve this vision, Employment System Administration and Policy sets a common direction and standards for Washington's WorkSource system through the development of WorkSource system policies, information memoranda, and technical assistance.

Policy Number: 5205 Revision 2

To: Washington WorkSource System

Effective Date: October 1, 2016

Subject: Cash Depositories

1. Purpose:

To provide standards for requesting, retention, and disbursement of Workforce Innovation and Opportunity Act (WIOA) funds.

2. Background:

The Local Workforce Development Boards (LWDBs) and other subrecipients must have systems in place to receive funds after reimbursement requests are submitted as required. The manner in which funds are to be requested, retained and disbursed are outlined below.

3. Policy:

a. **Eligibility Requirements-Cash Depositories**

The LWDBs and/or state subrecipients must deposit WIOA funds in the following financial institutions:

- i. A bank insured by the Federal Deposit Insurance Corporation (FDIC).
- ii. An institution insured by the Federal Savings and Loan Corporation.
- iii. A credit union insured by the administrator of the National Credit Union.

For governmental subrecipients with taxing authority, WIOA funds may be deposited with the subrecipient's treasurer.

b. Use of Minority and/or Women-Owned Banks

Consistent with the federal and state goal of expanding the opportunities for minorities and women-owned business enterprises, the LWDB Fiscal Agents and state subrecipients are encouraged to use minority and/or women-owned banks, under the proviso that the above eligibility requirements are met.

c. Bank Account

A LWDB or state recipient will be required to maintain an insured, interest-bearing bank account. The LWDB's accounting system must be able to account for refunds, credits and revenue by funding source.

Exceptions to maintenance of an interest-bearing account are allowed under any of the following conditions:

- i. The LWDB or state recipient receives less than \$120,000 in federal awards per year.
- ii. The best reasonably available interest-bearing account wouldn't be expected to earn interest in excess of \$500 per year on federal cash balances.
- iii. The depository would require an average or minimum balance so high that it would not be reasonable within the expected federal and non-federal cash resources.
- iv. A banking system prohibits or prevents an interest-bearing account.

d. Interest

For WIOA Title I-B programs, interest is treated as Program Income, and must be accounted for as per Policy 5220 - Program Income. For reporting purposes interest is identified on the quarterly report forms submitted to ESD.

e. Cash Balance

The LWDB and state subrecipients will minimize the time elapsing between the receipt of WIOA funds and disbursement in order to maintain a minimum cash balance as per federal guidelines.

f. Internal Controls

The LWDB and state subrecipients must maintain an adequate system of internal control to safeguard cash according to Generally Accepted Accounting Principles (GAAP).

g. Cash Requests

Cash management requirements are governed by 2 CFR 200.305 - Payment. Employment Training Administration (ETA) requires that subrecipients obtain funds from their awarding agency as needed for disbursement.

To prevent excess cash draws, each draw request from the LWDB will be timed to coincide with expenditure payments, with the exception of payments for: (a) escalating leases and (b) leave accruals. With the exception of these two areas, cash drawn will be disbursed by the LWDB within three business days of receiving the cash. Program income must be used before drawing cash.

- i. For WIOA formula cash draws, the LWDB and/or state subrecipients will request cash on a [Daily Invoice Voucher](#) (or Year End Invoice Voucher, when appropriate) with supporting documentation of expenditures, revenue and variance that provides justification for the cash draw. These requests are due by 10:00 a.m. two days prior to the date needed.
- ii. The LWDBs and state subrecipients requesting cash will receive an Electronic Fund Transfer (EFT) to the bank chosen by the LWDB and/or state subrecipient on the date specified on the request.
- iii. For WIOA non-formula (contracts and National Dislocated Worker Grants), the LWDB and state subrecipients will request cash on an [A-19 Invoice Voucher](#), with supporting documentation ([Invoice Expenditure Detail Template](#) and [Instruction](#)) that provide justification for the cash draw.

h. Withholding of Payment

The state may discontinue the current cash needs payments when LWDB and/or state subrecipients:

- i. Do not follow payment requirements;
- ii. Fail to provide appropriate supporting documentation for a cash draw;
- iii. Fail to meet project objectives or grant/agreement conditions;
- iv. Are indebted to the U.S. Government or State of Washington.

If any of the above conditions exist, the state may withhold payment until the condition is corrected. The state will provide written notification to the LWDB Fiscal Agent and/or state subrecipient before withholding payment. The LWDB Fiscal Agent and/or state subrecipient has until the effective date on this notification to petition the state for reconsideration of action. The petition must be sent to:

Assistant Commissioner /Chief Financial Officer
Employment Security Department
Finance and Administrative Services Division
P. O. Box 9046 - MS 6000
Olympia, Washington 98507-9046

Upon consideration of this petition, the state will issue a final determination and notify the LWDB Fiscal Agent and/or state subrecipient.

4. Definitions:

State Subrecipient - Any person, organization, or other entity, other than a LWDB fiscal agent, receiving WIOA funds directly from the Governor.

Subrecipient - An entity that receives federal assistance passed through from a prime recipient or another subrecipient to carry out or administer a WIOA program.

Distinguishing characteristics of a subrecipient include:

- Determining eligibility for assistance;
- Performance measured against meeting the objectives of the program;
- Responsibility for programmatic decision making;
- Responsibility for applicable program compliance requirements;
- Use of the funds passed through to carry out a program of the sub-entity as compared to providing goods or services for a program of the prime recipient.

5. References:

All fiscal policies and guidance letters published for WIOA are governed, as appropriate, under:

- [Public Law 113-128, Workforce Innovation and Opportunity Act](#)
- [Public Law 113-128, Section 194 \(7\)\(A\)](#)
- [2 CFR Part 200 Subpart D-Post Federal Award Requirements-Standards for Financial and Program Management](#)
- [2 CFR 200.305 -- Payment](#)
- [One-Stop Compliance Financial Management Technical Assistance Guide \(TAG\) issued July 2002](#)
- [Generally Accepted Accounting Principles \(GAAP\)](#)
- [29 CFR Part 97.20\(b\)\(7\)](#)
- [31 CFR Part 205](#)
- [29 CFR 95.21](#)
- [29 CFR 95.22](#)

6. Supersedes:

WIOA Title I Policy 5205 Revision 1 - Cash Depositories

7. Website:

<http://wpc.wa.gov/adm/policy>

8. Action:

LWDBs and their contractors, as well as Employment Security Regional Directors and state subrecipients, should distribute this policy broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

9. Attachments:

[Daily Invoice Voucher](#) (Year End Invoice Vouchers will be distributed by ESD fiscal staff)

[A-19 Invoice Voucher](#)

[Invoice Expenditure Detail Template](#)

[Invoice Expenditure Detail Instruction](#)

Direct Inquiries To:

*Finance and Administrative Services Division
Employment Security Department
PO Box 9046
Olympia, WA 98507
ESDGPBudgetQuarterlyEnterpriseReports@ESD.WA.GOV.*

Direct Other Inquiries To:

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