

Washington State

Workforce Innovation and Opportunity Act Title I-B Policy

Policy Number: 5230

Policy Title: Financial Management

Effective Date: July1, 2015

1. **Purpose:**

To communicate the financial management requirements for recipients of Workforce Innovation and Opportunity Act (WIOA) Title I funds.

2. **Background:**

All recipients of funding under the Workforce Innovation and Opportunity Act (WIOA) must comply with the financial management requirements as provided by the U.S. Department of Labor (DOL) and the Washington State Employment Security Department (ESD).

3. **Policy:**

Each state must expend and account for its Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. See also 2 CFR Part 200.450 – Lobbying for additional requirements.

The financial management system of each non-Federal entity must provide for the following (see also 2 CFR 200.333 - Retention Requirements for Records, 2 CFR 200.334 - Requests for Transfer of Records, 2 CFR 200.335 - Methods for Collection, Transmission and Storage of Information, 2 CFR 200.336 - Access to Records, and 200.337 - Restrictions on Public Access to Records):

- a. Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.
- b. Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set

forth in 2 CFR 200.327 - Financial Reporting and 2 CFR 200.328 - Monitoring and Reporting Program Performance. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. The recipient must develop accrual data for its reports on the basis of an analysis of the documentation on hand.

Similarly, a pass-through entity must not require a subrecipient to establish an accrual accounting system and must allow the subrecipient to develop accrual data for its reports on the basis of an analysis of the documentation on hand.

- c. Records that identify adequately the source and application of funds for federally funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, revenue, program income, interest, leveraging and required match and be supported by source documentation.
- d. Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See 2 CFR 200.303 - Internal controls.
- e. Comparison of expenditures with budget amounts for each Federal award.
- f. Written procedures to implement the requirements of 2 CFR 200.305 - Payment.
- g. Written procedures for determining the allowability of costs in accordance with 2 CFR Subpart E - Cost Principles, and the terms and conditions of the Federal award.

Accounting systems must meet and follow current Generally Accepted Accounting Principles (GAAP) as provided by the Federal Accounting Standards Board (FASB) and demonstrate compliance with applicable legal and contractual requirements.

Local Workforce Development Boards (LWDBs) must apply a First in First-Out (FIFO) policy in which unexpended obligational authority is expended before the expenditure of any subsequent year's (new) obligational authority. Under FIFO procedures, unexpended funds available from a prior year are expended first in the subsequent year in an amount equal to the unexpended obligational authority balance. Failure to use a FIFO policy will result in ESD recapturing of a previous year's unexpended funds at the end of the grant period.

Audits are required in accordance with State Policy No. 5255 - WIOA Audit Requirements, Reports, and Resolutions and 2 CFR 200 Subpart F, Audit Requirements.

LWDBs are responsible for ensuring subrecipients are monitored and audited.

4. Definitions:

None.

5. References:

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

- [Public Law 113-128](#)
- [2 CFR Part 200 Subpart D-Post Federal Award Requirements-Standards for Financial and Program Management 200.302 Financial Management](#)
- [2 CFR Part 200 Subpart F- Audit Requirements](#)
- [One-Stop Comprehensive Financial Management Technical Assistance Guide \(TAG\) - July 2002](#)
- [Generally Accepted Accounting Principles \(GAAP\)](#)

6. Supersedes:

None

7. Website:

[Workforce Professionals Center](#)

8. Action:

Local Workforce Development Boards and their contractors must distribute this policy broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

9. Attachments:

None

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