

**Cape Fear Local Policy No. P-WDB-011-2022**

**Subject:** CFWDB Financial Management Policy for Workforce Innovation and Opportunity Act Title I

**Purpose:** To provide guidance to the Cape Fear Workforce Development Board as Recipient and the Cape Fear Council of Governments as Grant Administrator regarding the Division of Workforce Solutions (DWS) Financial Management policies that have been updated to reflect Workforce Innovation and Opportunity Act (WIOA) and Federal Office of Management and Budget (OMB) Uniform Guidance.

**Reference:** DWS Policy Statement Number PS 20-2017, Change 1; NCWorks Commission Policy Number CPS 04-2022

**Policy:** The Cape Fear Workforce Development Board is required to adhere to the financial policies and procedures set forth in this policy for the administration of WIOA Title I programs.

**Action:** **Recipient Funding:** The DWS issues planning allocations to Local Workforce Development Boards based on preliminary allocations provided by the U.S. Department of Labor (USDOL). Those allocations are made available through the Workforce Information System Enterprise (WISE) once DWS receives a Notice of Award (NOA) from USDOL. These funds are awarded by Program Year and must be tracked accordingly. Program Year funds are awarded for a period of two years unless otherwise noted in WISE. Regulation 20 CFR § 678.625 allows a One-Stop Operator to be a service provider of WIOA Adult, Dislocated Worker, and/or Youth training services. In the event the One-Stop Operator has also been procured as the service provider, the contract may be for a four-year period. The Local Area does not receive obligational authority to incur costs or withdrawal funds until the Local Area Plan is approved by DWS.

**Cash Drawdowns:** DWS transfers funds through electronic payments to recipients. Prior to the recipient's first request for drawdown, both the Authorization Agreement for Automatic Deposit and the Electronic Payment Form documents must be signed and submitted to DWS. DWS notifies the recipient when a cash transfer has been completed. Cash requests are processed by DWS once per week. All requests submitted via WISE by 11:59 pm on Monday will typically be transferred to the recipient's account by the following Friday. Recipients are required to develop cash management procedures to ensure that no excess cash is on hand. When a recipient demonstrates an inability or unwillingness to follow established procedures minimizing time between cash drawdowns and disbursements, DWS may implement sanctions by withholding fund requests in WISE.

**Monthly Financial Reports:** Expenditures will be reported to DWS on a monthly basis by Program Year using the Monthly Financial Report (MFR) via WISE. MFR's are due the last working day of the month following the report month for any open Program Year. The fiscal reporting period is July through the following June. Any Program Year funds not fully expended by the end date specified on the Program Year budget will require an administrative adjustment to de-obligate the remaining funds. MFR's are approved the first working day of the month. No further modification is allowed after approval.

**Delinquent MFRs:** Delinquent MFR's will result in the following consequences:

1. Cash draw requests will be suspended on all Program Years until the delinquent report is in WISE.
2. DWS will send a letter notifying the recipient of the occurrence of delinquent reports first to the Local Area Director and secondly to the Workforce Development Board Chair, CEO, and Local Area Director.

**Federal Office of Management and Budget (OMB) Uniform Guidance:** The OMB Uniform Guidance provides instruction in several administrative areas. In some cases, the state requirements are more restrictive than the Uniform Guidance. In cases where the DWS and Uniform Guidance conflict, the most restrictive requirement must be followed.

Unless granted prior written DWS approval, the recipient must (1) follow federal cost principles, and (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's policy and terms of the grant or contract.

**De-Obligation and Reallocations:** All WIOA allocations must be spent within a two-year time frame from the original award year as further described below:

1. Effective 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 Notice of Fund Availability (NFA).
3. DWS will redistribute any de-obligated funds.

**Audit Requirements:** Recipients 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. Any audit findings arising from the state's monitoring reviews, investigations, and audits must be resolved within six months after receipt of the audit report.

**Equipment and Property Management:** Section 3.6 of the Grant Administration Agreement between DWS and the Local Area sets forth policies for equipment and

property. Property acquired with WIOA funds becomes vested with the Grant Administrator, in this case the Cape Fear Council of Governments. The COG is responsible for the identification, accountability, inventory, and property 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. Property must be maintained and a physical inventory of equipment shall be taken at least annually and reconciled with property records. An appropriate control system shall be used to safeguard property and equipment and shall be maintained by the Local Area. When property with a current per unit fair market value in excess of \$5,000 is no longer needed, it may be retained or sold with the Federal funding agency having a right to a proportionate amount of the current fair market value. In addition to the recipient'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:** The CFCOG and the CFWDB are responsible for assuring activities funded under WIOA are audited in accordance with the requirements set forth in the Grant Administration Agreement. The property inventory system should cover the auditable areas of property management to include acquisition, property local area utilization, maintenance, inventory, disposition, and exact location of property.

**Acquisition/Lease:** 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 must have DWS approval and written certification by a Financial Monitor for the Local Area. Purchase requests must be submitted to the assigned DWS Financial Monitor along with the supporting documentation outlined in DWS PS 20-2017 Change 1. All leased equipment with options to purchase over \$5,000 must have DWS's review and written approval.

**Computer Equipment:** Computer equipment purchases must reflect the total sum of the individual cost of components (keyboard, logic unit or CPU, monitor/display screen, and diskette drive). Software installed on the computer becomes part of the computer cost.

**Missing, Stolen or Damaged Property:** All situations involving property items with unit costs of \$5,000 or more must be reported to DWS immediately. All missing, stolen or maliciously damaged property items with unit costs between \$500 and \$4,999 will follow

established procedures by the Local Area. A written report from the proper law enforcement agency is required to be submitted 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 DWS. Equipment with a fair market value in excess of \$5,000 should be disposed of as follows:

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 program or project continues to be supported by federal funds.
2. If the equipment is no longer needed by the original program or project, the recipient shall use the equipment in connection with its other federally sponsored activities with priority given to programs funded by the DOL Employment Training Administration.
3. If the equipment is no longer needed, the recipient may a) retain the equipment for other uses; b) transfer title to a third party; or c) sell the equipment.

If the equipment is retained, transferred or sold, then compensation must be made to DWS for the WIOA federal funds used in the purchase based on the percentage of WIOA funds used in the purchase. Recipients are permitted to deduct actual reasonable selling and handling expense (\$500 or 10 percent of the proceeds of the sale, whichever is less). The balance of the funds must be sent to DWS Finance Unit within 30 days of the sale. Pre-approval is required via a Request for Transfer or Disposition of Excess Property.

**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 regardless of any prior estimates. An item that is not sold but retained by the recipient, has a fair market value based on similar items that are offered for sale.

**Property Records Retention:** Property records for all WIOA property items costing \$500 or above must be maintained from the date of acquisition through final disposition. Records must also be retained for a period of three (3) years from the date of their last expenditure report submitted to DWS. If any litigation, claim or audit is started prior to the expiration of the three-year period, all records must be retained until all findings have been resolved and final action taken.

**Consultants and Personal Service:** Consultants and personal services contracts costing \$5,000 and over, must be filed with the DWS Financial Monitor at least ten business days prior to the contract execution. The approval request must include:

1. The cost of the proposed contract
2. The starting and end dates
3. The purpose of the contract
4. List whether the procurement is competitive or non-competitive

5. The funding source to be used

**Outreach Services:** WDB's may purchase outreach materials to promote WIOA services and programs. The material must be necessary, reasonable, allowable and allocable and must contain the following information:

1. The material must contain information related to the WIOA program
2. A Statement of Work that details 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

**Effective Date:** April 20, 2018

**Revised Date:** May 25, 2022

**Expiration Date:** Indefinite

**Contact:** Cape Fear Workforce Development Board Director

**Distribution:** CFWDB WIOA Providers  
CFWDB Staff Solutions  
NC Division of Workforce Solutions

**Attachments:** Attachment A: PS 20-2017 Change 1

Attachment B: CPS 04-2022

# **ATTACHMENT**

**“A”**



**NORTH CAROLINA DEPARTMENT OF COMMERCE  
DIVISION OF WORKFORCE SOLUTIONS**

**DWS POLICY STATEMENT NUMBER: PS 20-2017, Change 1**

**Date: January 25, 2019**

**Subject: Financial Management Policy for Workforce  
Innovation and Opportunity Act Title I**

**From:**

*Daniel L. Giddens*

**Daniel L. Giddens  
Assistant Secretary for Workforce**

**Purpose:** To transmit the current Division of Workforce Solutions (DWS) Financial Management Policy updated to reflect Workforce Innovation and Opportunity Act (WIOA) and Federal Office of Management and Budget (OMB) Uniform Guidance.

To rescind PS 20-2017.

**Action:** Local Workforce Development Areas and Subgrantees are required to adhere to the following financial policies and procedures for the administration of the WIOA Title I.

**Effective Date:** Immediately

**Expiration:** Indefinite

**Contact:** DWS Finance Director

**Attachment:** Financial Management Policy for Workforce Innovation and Opportunity Act Funds

**North Carolina Division of Workforce Solutions**  
**Financial Management Policy**  
**For Workforce Innovation and Opportunity Act Funds**

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## **I. RECIPIENT FUNDING**

### **A. 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.

### **B. Obligational Authority**

NFAs are awarded to recipients when the funds become available to the state. However, "Obligational Authority" is not granted to recipients until an approved Local Area Plan, or another application, as appropriate, is approved by DWS. Recipients are not authorized to incur cost or allowed to request cash drawdowns until the funds are approved in WISE. The Plan must be prepared in accordance with the guidelines provided in the North Carolina Instructions for Local and Regional Workforce Development Area Plans Policy Statement.

## **II. CASH MANAGEMENT**

### **A. Cash Drawdowns**

DWS will utilize the Electronic Payments method to transfer funds to recipients. Both the Authorization Agreement for Automatic Deposit and the Electronic Payment Form documents must be completed, signed and returned prior to initiating a recipient's first request for drawdown. These forms must be faxed or scanned to DWS with the signed originals mailed in order for bank accounts to be set up on the payment system in a timely manner. When a cash transfer has been completed, notification will be sent to the recipient via email as indicated on the Electronic Payment Form. Cash requests will be processed once a week.

**All requests submitted via WISE by 11:59 pm on Monday will typically be transferred to the recipient's account by the following Friday.**

There will be no exceptions granted concerning the 11:59 pm deadlines. Any changes in the cash

drawdown schedule due to observed holidays or other planned events will be noted in correspondence issued by DWS.

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.

## **B. Sanctions**

When a recipient demonstrates an inability or unwillingness to follow established procedures minimizing time between cash drawdowns and disbursements; cannot adhere to laws, regulations or special conditions; or, is unable to submit reliable and/or timely reports; DWS may withhold fund requests in WISE.

## **III. FINANCIAL REPORTING**

### **A. Monthly Financial Reports**

Expenditures will be reported on a monthly basis by Program Year on a Monthly Financial Report (MFR) via WISE. **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 should be requested in WISE.

DWS will approve all MFR's on the first working day of the 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.

### **B. Delinquent MFRs**

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).

#### **IV. FEDERAL OFFICE OF MANAGEMENT AND BUDGET (OMB) OMB UNIFORM GUIDANCE**

##### **A. 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

##### **B. 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)

#### **V. DE-OBLIGATION AND REALLOCATION**

##### **A. 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.

## **B. Reallocation**

DWS will redistribute de-obligated funds.

## **VI. AUDIT**

### **A. 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.

### **B. Audit Resolution**

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.

## **VII. PROPERTY PROCEDURES**

### **A. 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

## **B. 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.

## **C. Acquisition**

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, software including licenses, 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 must 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. The accepted bid with the exact cost of property items, including installation, taxes, shipping and handling charges.

#### **D. 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 should 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.

#### **E. IT/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/ CPU, monitor/display screen, software both installed and acquired through licensing, and installation).

Software installed on computer hard drives and accessed through purchased licenses is considered an asset in 2 CFR 200 and becomes part of the computer cost.

#### **F. Missing, Stolen, or Maliciously Damaged Property**

All situations involving missing, stolen or maliciously damaged property items with unit costs of \$5,000 or more must 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 the Local Area Policy.

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.

#### **G. Disposition of Property**

Based on the DWS contract agreement that items valued at \$500 or greater must be added to the asset listing/inventory, equipment items with a current per unit fair market value of *less than \$500* 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 and 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.

1. 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.
2. ***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.

## **VIII. CONSULTANTS, PERSONAL SERVICE, AND PURCHASE AGREEMENTS**

The following must be adhered to for consultant contracts, purchase of personal services and planned purchase agreements (quotes, purchase orders, requisitions, etc.) when the deliverables are specifically defined and priced at or over \$5,000. The contracts and purchase agreements must be filed with the DWS Financial Monitor before the contract is finalized. The filing is to be submitted to DWS a minimum of **ten (10) business days** prior to execution of contract. The Financial Monitor will review the filing and provide feedback as needed. During the onsite monitoring, the DWS Financial Monitor will review the contract documentation against the filing submitted to DWS. The filing submitted to the Division must include:

1. The cost of the proposed consultant contract, personal services contract and/or purchase agreement;
2. The starting and ending dates of planned contract or agreement;
3. The purpose of the consultant contract, personal services contract, and/or purchase agreement;
4. List whether the procurement is Competitive or Non-Competitive; and
5. The funding source to be used.

## **IX. OUTREACH MATERIALS**

Pursuant to the Uniform Administrative Guidance 2 CFR 200.421 (b)(4), WDBs may purchase outreach materials to promote WIOA services and programs to eligible audiences. The U.S. Department of Labor has provided guidance on the purchase of outreach material, included below, as additional guidance when planning to purchase outreach material. The Division highly recommends that local boards consult with their assigned Financial Monitor prior to the purchase of outreach materials, regardless of the total cost, to ensure that the purchase is necessary, reasonable, allowable and allocable. The Financial Monitor will provide feedback as needed. Outreach material purchases in which the total cost is above \$5,000 must be submitted and approved, per section VII-C of this policy statement.

Regardless of whether the board chooses to consult with their Financial Monitor, the board must maintain the following documentation on all purchases of outreach materials:

1. A description of the materials to be purchased. The material must contain information related to the WIOA program.
2. A description that details the event or events for which the outreach materials will be provided, to include the potential dates, estimated attendees and purpose of the event and the purpose of the items selected as they relate to the planned events.
3. Detail the measures for safeguarding the outreach materials.
4. Documentation of three quotes. A minimum of three quotes is required for procurement of outreach materials, regardless of cost.
5. Indication of the specific funding source to be used.



**In addition to the information found in Uniform Administrative Guidance 2 CFR 200.421 (b)(4), below are some things to consider when using WIOA funds to purchase items for program outreach and recruitment from the Department of Labor:**

**Policy, Limitations, and Supporting Documentation**

The local area/board purchasing such items must have a policy in place that employs sound management practices and adheres to consistent and equitable treatment. It is expected that managers and staff are trained on such policies to ensure consistent treatment and application across offices, programs, and participants. The allowability and allocability of providing such materials or goods are based upon the necessity and reasonableness for the proper and efficient performance and administration of the Federal award.

The seven guiding factors determining the allowability of a cost as found in the Uniform Guidance at 2 CFR part 200 are the following:

- a) Be reasonable for the performance of the award and be allocable thereto under these principles.
- b) Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
- c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organization.
- d) Be accorded consistent treatment.
- e) Be determined in accordance with generally accepted accounting principles (GAAP).
- f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- g) Be adequately documented

Please also be aware of the terms contained in your grant agreement that also must be considered as well:

**Requirement to Provide Certain Information in Public Communications**

Pursuant to P.L. 115-141, Division H, Title V, Section 505, when issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with Federal money, all non-Federal entities receiving Federal funds shall clearly state:

- 1. The percentage of the total costs of the program or project which will be financed with federal money;
- 2. The dollar amount of federal funds for the project or program; and
- 3. The percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.


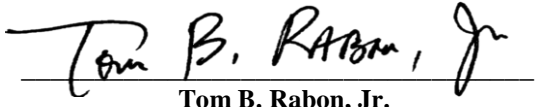
The requirements of this part are separate from those in the 2 CFR 200 and, when appropriate, both must be complied with.

**Prudent Person**

When making such purchases, the standards of reasonableness using the prudent person standards prevails. The concern seen throughout the system is when the item appears to be promotional in nature or is high in the eyes of a prudent person that it becomes questionable and ultimately unallowable.

**ATTACHMENT**

**“B”**

	<b>NCWorks Commission</b>
	<b>NCWorks Commission Policy Number: CPS 04-2022</b>
	<b>Date: May 11, 2022</b>
	<b>Subject: Requirement to Use Competitive Selection Processes to Procure Training Providers and One-Stop Operators</b>
	<b>From:</b>  <hr/> <b>Tom B. Rabon, Jr.</b> <b>Chair, NCWorks Commission</b>

**Purpose:** To inform Local Area Workforce Development Boards (WDBs) of the requirement to use a competitive procurement process to select providers of Workforce Innovation and Opportunity Act (WIOA) Adult, Youth, and Dislocated Worker services, as well as, for the One-Stop Operator of a local certified NCWorks Career Center.

This policy has been updated to include clarification concerning the contract period for subrecipients that have been procured to be both the One-Stop Operator and service provider of WIOA Adult, Dislocated Worker, and/or Youth training services.

This Commission Policy Statement rescinds Policy Statement PS 19-2017, Change 2 and the procedures herein supersede all previous policy, procedures, and guidelines regarding the Competitive Selection Processes.

**Background:** Adult, Youth, and Dislocated Worker Training Services: Section 107(g)(1)(A) of WIOA mandates that WDBs shall not provide training services to customers. This requirement is reiterated in 20 Code of Federal Regulations (CFR) § 679.410(b). A WDB acting as a direct provider of services is not optimal, as the WDB is designed to oversee the One-Stop System and its services, not provide them. WDBs must competitively procure these training services in compliance with all state and federal regulations. Section 107(g)(1)(B) of WIOA provides limited authority to waive these procurement requirements (see attachment).

One-Stop Operators: Requirements for the competitive procurement of One-Stop Operators are set forth in 20 CFR § 678.605, which requires the One-Stop Operator to be selected through a competitive process. Although applicable regulations allow a WDB to be the One-Stop Operator in limited circumstances, the Division of

Workforce Solutions (DWS) opposes such an arrangement because the WDB's principal role is to provide strategic direction and oversight to service delivery.

Section 121(d)(2)(A) of WIOA and 20 CFR § 678.605(a) require the One-Stop Operator to be selected through a competitive process at least once every four (4) years. The DWS will allow this procurement interval as an exception to the other subrecipient contracts governed by DWS Commission Policy Statement: CPS 02-2022 Procurement and Contracting Policy. In addition, the WDB may enter into a four-year contract, if and only if, the local Financial Management/Procurement Policy allows for four-year contracts for the One-Stop Operator.

Applicable regulations (20 CFR § 678.625) allow a One-Stop Operator to be a service provider. In the event the One-Stop Operator has also been procured as the service provider, the contract may be for a four-year period. Proper internal controls and firewalls must be in place to ensure that the entity's dual roles as Operator and service provider do not conflict. To guard against possible conflicts of interests, these internal controls and firewalls must ensure that the Operator is not overseeing itself as a service provider.

Extreme care should be taken to ensure that Local Area WDBs continue to provide strategic direction and maintain an arm's length relationship in the day-to-day delivery of services to Career Center customers.

**Action:**

Adult, Youth, and Dislocated Worker Training Services: Each WDB must competitively procure Adult, Youth, and Dislocated Worker services and maintain a very clear and distinct firewall between the WDB and the services delivered to customers.

If the competitive procurement process fails, the WDB may seek other noncompetitive options for the first year or request a waiver from the DWS to allow it to provide training services directly to customers. All waiver requests must comply with the attached Waiver of Training Prohibition guidelines and be submitted to the WDB's DWS Planner within sixty (60) days of the failed procurement.

One-Stop Operators: Operators of certified NCWorks Career Centers must be competitively procured at least once every four (4) years. This extended service period is an allowed exception to the requirements regarding contract terms set forth in Attachment 1 of Commission Policy Statement: CPS 02-2022 Procurement and Contracting Policy.

Local Area WDBs must follow all applicable federal, state, and local procurement requirements (with the exception of the extended procurement interval/service period discussed above) in selecting service providers and One-Stop Operators to deliver services funded by WIOA resources. Federal requirements include, but are not limited to:

- 1) Sections 200.317 through 200.326 of 2 CFR Part 200 (the United States Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards); Procurement Procedures which establish principles and standards for determining costs for all federal awards carried out by state and local governments; and
- 2) 20 CFR Sections 678.605(a) and 678.610.

The DWS will provide oversight of compliance through:

- 1) Reviewing the Local Area Plan responses outlining procurement procedures;
- 2) monitoring activities including online and direct site visits; and
- 3) oversight summary reports.

**Effective Date:** Immediately

**Expiration:** Indefinite

**Contact:** DWS Fiscal Monitor  
DWS Planner

**Attachment:** Waiver of Training Prohibition