

**SOUTHWESTERN AREA
WORKFORCE DEVELOPMENT BOARD**

FINANCIAL POLICIES MANUAL

*Approved on January 10, 2020
and Revised on June 24, 2021*

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INTRODUCTION & BACKGROUND

Effective July 1, 2000 the South Central Council of Governments (SCCOG) formally assumed the Administrative Entity responsibilities for the Southwestern Area Workforce Development Board (SAWDB). Effective July 1, 2003 the SCCOG formally assumed the Fiscal Agent responsibilities for the SAWDB.

The WIOA program requires the Board to contract with a “Service Provider” that will coordinate all programmatic services in the Southwestern Area through a One Stop Center system. The Southwest is comprised of seven counties: Catron, Dona Ana, Grant, Hidalgo, Luna, Sierra and Socorro County. The SAWDB has One Stop Centers in Dona Ana, Grant, Luna and Socorro Counties with itinerant services in Catron, Hidalgo and Sierra Counties. The SAWDB Workforce Connection Offices provide a full range of service to both employers and participants.

Federal legislation/regulations, State legislation/regulations, as well as the NM State Plan and SAWDB four-year plan, should be referenced to obtain additional information on program requirements.

The SAWDB complies with 2 CFR 200.302 Financial Management requirement. This criteria is further explained in Chapter 11 of this Manual. The SCCOG is responsible for developing “internal” policies and procedures under which the WIOA program will operate in the Southwestern Area. SCCOG – WIOA staff, in conjunction with the Executive Director, have developed this manual which will standardize operating procedures to be used in administering the financial aspect of the WIOA program.

Policies and procedures are essential tools for controlling the operating environment. The purpose of this manual is to assist the WIOA program in documenting internal financial-related processes.

ATTESTED

This Financial Policies Manual was approved through board resolution on January 10th, 2020; and revised through board resolution to include Chapter 26, Per Diem and Mileage Act on June 24, 2021.



Board Chair

07/12/2021

Date

MANUAL MAINTENANCE

The WIOA Administrative Entity/Fiscal Agent is charged with directing and controlling the programmatic and financial affairs of the WIOA program in the Southwestern Area. SCCOG – WIOA staff will be responsible for developing, maintaining, and updating internal financial policies and procedures to be incorporated in this manual. Changes, updates and new financial policies will be presented to the LWDB for approval and discussion.

The objective of this manual is to:

- Provide guidance and allow for monitoring internal controls
- Ensure compliance with applicable federal and state laws and regulations, and
- Promote efficient financial management with standardized procedures/forms

This manual is not intended to replicate or duplicate federal or state laws, rules or regulations.

CHAPTER 1 – ORGANIZATIONAL STRUCTURE

Introductions

The SCCOG employs staff to administer the WIOA program in the Southwestern Area. The program covers a seven county area: Catron, Dona Ana, Grant, Hidalgo, Luna, Sierra and Socorro, with Dona Ana being the most populous county in the area.

POLICY

The Fiscal Administrator is directly responsible for the financial operation of the WIOA program in the Southwestern Area under the direction of the SCCOG Executive Director, the Southwestern Area Workforce Development Board (SAWDB) and the Chief Elected Officials Board. The Administrator provides fiscal policy advice and guidance for the WIOA program under the SCCOG umbrella.

The WIOA Administrator is directly responsible for the programmatic operation of the WIOA program in the Southwestern Area under the direction of the SCCOG Executive Director. The WIOA Administrator coordinates activities with the State Administrative Entity, Chief Elected Officials, Local and State Board, SCCOG Executive Director and other SCCOG staff.

An organizational chart will be prepared to document the organizational structure within the SCCOG as it relates to the WIOA program.

WIOA –RELATED STAFF

- SCCOG Executive Director
- WIOA Fiscal Administrator
- WIOA Program Administrator
- WIOA Fiscal Clerk

Assignments to the above positions may only be made in writing by the Executive Director.

CHAPTER 2 – AUTHORIZED SIGNATURES

INTRODUCTION

The SCCOG Executive Director determines the level of authority granted to SCCOG administrators responsible for the Workforce Investment Program. The delegation of this authority will take into consideration internal controls, separation of duties, as well as the efficient and effective operation of the program.

Signature authority will be established for the following areas:

- | | |
|-------------------------------|--------------------------------|
| 1. Budget | 5. Custody of Check Stock |
| 2. Budget Adjustment Requests | 6. Journal Entries |
| 3. Cash Receipts | 7. Preparation and Approval of |
| 4. Disbursements/Payments | Reports |

POLICY

Signature authority for the financial transactions/processes within the WIOA program may only be granted by the SCCOG Executive Director. All such approvals must be in writing and be included in this policy and procedural manual.

1. Budget

An initial budget will be prepared annually and may be amended due to the inclusion of unobligated prior year balances, allocation of additional funds, recapture of unspent funds, or the transfer of funds between funding streams as allowed by legislation. All draft and final budgets must be reviewed and approved by the Executive Director prior to presentation to the Board.

Authorized Signatures:

Recommendation:

- a). WIOA Fiscal Administrator
- b). WIOA Administrator

Approval:

SCCOG Executive Director

2. Budget Adjustment Requests (BAR)

On occasion a budget adjustment request may be required due to a change in requested services or level of funding available.

Authorized Signatures:

Recommendation:

- a). WIOA Fiscal Administrator

Approval:

SCCOG Executive Director

Concurrence:

- a). WIOA Administrator

3. Cash Requests

Requests to draw down funds from the grantor will be prepared on a periodic basis after an analysis of cash balances, projected disbursements, and in conjunction with the requirements of the Federal Cash Management regulation.

Authorized Signatures:

Recommendation:

- a). WIOA Fiscal Administrator

Approval:

SCCOG Executive Director

4. Payments/Disbursements

Disbursements in the WIOA program can be for:

1. Payment of goods/services through the Accounts Payable System
2. Reimbursements to subrecipients
3. Refunds

Authorized Signatures:

Recommendation:

- a). WIOA Fiscal Clerk

Review/Approval:

WIOA Fiscal Administrator

5. Custody of Check Stock

On a periodic basis, payments and/or disbursements are processed for goods and/or services for the WIOA program. Check stock must be requisitioned from inventory to process the payments.

Authorized Signatures:

Request check stock:

- a). WIOA Fiscal Clerk

Custody of Check Stock:

- a). WIOA Fiscal Administrator
- b). SCCOG Executive Director

6. Check Signatures

After payment vouchers have been entered into the accounting system by the Fiscal Clerk and approved for payment by the WIOA Fiscal Administrator, the AP check batch will be processed to produce the actual checks. All checks will require two signatures. One signature is that of the SCCOG Executive Director and the second signature is that of the SAWDB Chairman or other designee.

Authorized Signatures:

Check Preparer:

- a). WIOA Fiscal Clerk

Check Signer:

- a). SAWDB Board Chair
- b). SAWDB Vice Chair
- c). SCCOG Executive Director
- d). Other Designee by the Board

7. Journal Vouchers

On occasion, a journal voucher (JV) will be required to record beginning balances, year-end closing entries, and corrections or adjustments in the accounting system. The JV will be drafted, reviewed, and approved as follows:

Authorized Signatures:

Preparer of JV:

- a). WIOA Fiscal Administrator

Review/Approval:

- a). SCCOG Executive Director

8. Financial Reports

Financial reports are submitted on a monthly, quarterly, and annual basis to the Department of Workforce Solutions and to the SAWDB and CEOs. All financial reports will be prepared at the earliest possible date to allow time for review and approval.

Authorized Signatures:

Preparer:

- a). WIOA Fiscal Administrator

Approval:

- SCCOG Executive Director

9. Procurements/Purchasing

All WIOA procurements will be processed in accordance with the SAWDB Procurement Policy as approved by the SAWDB Board. WIOA staff authorized to review and approve Board purchase orders are as follows:

Authorized Signatures:

Preparer:

- a). WIOA Program Staff

Approval:

- a). WIOA Fiscal Administrator
- b). SCCOG Executive Director

10. Time Sheets/Requests for Leave

WIOA employees will submit time sheets in accordance with SCCOG policy. The employee's immediate supervisor will review and sign the individual time sheet. All time sheets will be reviewed and approved by the SCCOG Executive Director.

WIOA employees will submit a Request for Leave in accordance with SCCOG policy. The employee's immediate supervisor is authorized to approve requests for leave.

CHAPTER 3 – INTERNAL CONTROLS

INTRODUCTION

Adequate internal control is a key defense against fraud, waste and program abuse. All contractors have a responsibility to reduce the risk of fraud, waste and program abuse by implementing effective internal controls that adequately safeguards assets. This chapter compiles the applicable federal, state and agency requirements and guidance governing internal control. In the event of conflict between these standards and federal statute or regulation, the federal statute or regulation will apply. The development and imposition of internal controls includes: administrative controls, accounting controls, program controls, budget controls, and management controls. Implementing a system of internal controls will not provide absolute assurance that waste, fraud, or abuse will be eliminated, but it will provide a reasonable assurance that attempts to control the processes are in place.

POLICY

When developing and approving policies, processes, and procedures, the SCCOG and SAWDB will consider the components of internal control as defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which issued the 2013 Internal Control-Integrated Framework (Framework) and 2 CFR 200.303 Internal Controls. The five components of internal control are the control environment, risk assessment, control activities, information and communication, and monitoring activities. When considering the concept of internal controls and separation of duties, the organization will also consider the cost benefit of implementing specific processes and controls. The cost of implementing the control should not exceed the cost of the potential loss.

Procedures attempt to prevent errors and improprieties as well as ensure timely detection of errors or impropriety.

Procedures will be re-evaluated periodically and updated as necessary as the result of staff changes or changes in systems, programs, and/or procedures.

Some of the processes directly related to the concept of internal controls for which a specific policy is included in the manual are as follows:

- Vendor maintenance
- Approval of payments/disbursements
- Custody of check stock
- Bank reconciliations

CHAPTER 4 – BUDGET PREPARATION

INTRODUCTION

On an annual basis, the Southwest Area will receive from the Department of Workforce Solutions allocations for the Workforce Innovation and Opportunity Act (WIOA), which must be in writing. Additionally, funds may be received during the funding year for various programs including, but not limited to, youth, rapid response, and 10% statewide set-aside funds. Upon final reconciliation of a prior year, unobligated funds will be budgeted for expenditure in the following year.

On occasion, the SAWDB may receive additional “direct” funding as the result of a special grant. All funding *must* be received in writing prior to the finalization of a budget and the authorization given to expend funds.

POLICY

The initial draft budget presented to the Board will include the new program year/fiscal year funding exclusive of any prior year unobligated balances. This process should be initiated in April or upon receipt of the funding allocations from the State with presentation to the Board in May. If possible, the PY/FY budget should be finalized by the third week of May in order to present to the Board and allow sufficient time to notify service providers/contractors of their new funding levels. Letters of Authorization should be issued to the service providers/contractors by July 1 of each year. The final contract/contract extension should be finalized no later than August 1 of each year.

PROCEDURES

The WIOA Fiscal Administrator is responsible for creating and maintaining the permanent files relating to all financial processes including, but not limited to, grant requests, grant approvals, funding allocations, funding adjustments, financial reports, approved contracts, etc.

ANNUAL BUDGET

Upon receipt of the funding allocations each year, the WIOA staff will meet to discuss the initial preparation of the budget and any special instructions that may affect the annual budget preparation process.

Based on the initial discussion described above, the Fiscal Administrator and WIOA Administrator will initiate a “draft” budget format for discussion purposes and will make available detailed information on each budgeted line item. After internal discussions within the SCCOG, a recommendation will be finalized for presentation to the full Board for approval.

After the Board approves the annual budget, the WIOA Administrative Entity staff will initiate a Letter of Authorization for each service provider/contractor, to include the dates of operation and budgeted amount. The WIOA Administrator will include the steps required to finalize an actual contract. The letters will be reviewed and signed by the SAWDB Board Chair. The contracting process may include the issuance of a new contract, or if permitted, a contract extension. The issuance of a new contract may

require a Request for Proposal; if so, a Letter of Authorization will not be issued; however, the RFP Process will be initiated by the WIOA Administrator.

BUDGET ADJUSTMENTS

On occasion, the SAWDB may be advised by the DWS that additional funding may be requested or has been issued. Likewise, the SAWDB may request a transfer of funds from one funding stream to another as permitted by federal/state legislation. Additional funds made available to the local area will require the preparation and approval of a Budget Adjustment Request (BAR).

The WIOA Fiscal Administrator and the WIOA Administrator will be responsible for preparing budget adjustment requests and related backup documentation. The BAR will be entered into the accounting system and financial reports. A BAR moving funds between funding streams will require Board approval. A BAR moving funds within a funding stream up to \$25,000 may be approved by the SCCOG Executive Director.

BUDGET PRESENTATION FORMATS

To ensure consistency in application and interpretation, only the ***approved*** Budget Format will be utilized for presentation to the SAWDB Board and subcommittees. All reports will be dated. All discussion drafts will be clearly marked “DRAFT” in order to avoid confusion. Final budgets will be marked “Approved by the Board on xx/xx/xxxx.”

DISTRIBUTION

Discussion and final budgets will not be distributed outside the SCCOG until the review and approval of the Board Chair has been obtained.

CHAPTER 5 – CASH MANAGEMENT

INTRODUCTION

Managing cash receipts is one of the most important functions in the area of Accounting and Financial Management. Revenues to fund the program are in the form of cash advances/reimbursements from the State Administrative Entity.

POLICY

To assist in complying with federal regulations regarding cash management the SCCOG will maintain a separate depository account that will be utilized exclusively for WIOA/WIOA-related funding.

The process of managing cash receipts includes determining the need for operating cash on a periodic basis, the process of requesting cash from the grantor, verifying the receipt of cash with the fiscal agent bank, reconciling the bank account, and preparing and posting accounting entries relating to cash requests and cash receipts.

PROCEDURE

1. SAWDB Requests

On an as needed basis the WIOA Fiscal Administrator will analyze the general ledger cash account 1000, actual bank balance, and the amount and timing of projected disbursements. This analysis will be used to determine the amount of cash to be requested from the State Administrative Entity.

Federal and state cash management regulations require federal fund recipients to continually analyze cash needs to ensure “excess cash” is not maintained. Cash drawdowns must be for “immediate need.” The **timing** of disbursements is critical to the overall process of determining cash needs.

As needed, Fiscal Agent staff will prepare a Request for WIOA Funds, DWS Forms, documenting the requested funds by funding stream: Adult, Dislocated Worker, Youth In-School, Youth Out-of-School, Summer Youth, and Administration.

The SCCOG Executive Director will sign the Request for WIOA Funds. The request will be “e-mailed” to the NMDWS. Based on NMDWS procedures, funds will be “*electronically wired*” to the SCCOG - WIOA bank account within approximately 5-7 days from receipt of the request.

The Fiscal Clerk will prepare the revenue/receivable in the Accounts Receivable in the accounting software. The WIOA Fiscal Administrator will then approve and post the transaction. Once the Receivable is paid to the SAWDB, DWS will inform the WIOA Fiscal Administrator that the Cash Request is paid. Upon actual deposit of the funds in the bank, the Fiscal Clerk will enter a transaction into the accounting system reversing the accounts receivable and recording the cash. The WIOA Fiscal Administrator will then approve the entry and post it to the accounting system.

2. SAWDB Contractors

On a monthly basis, the SAWDB contractors, the contractors with the One Stop Center Operators and the Youth Providers, will submit an invoice documenting the expenditure of funds by funding stream (Adult, Dislocated Worker, Youth In-School, Youth Out-of-School, Summer Youth or Administration) as authorized in their approved contract. The invoice must be approved by an authorized official as identified in their contract and submitted directly to the SCCOG WIOA Fiscal Administrator.

The Fiscal Clerk will audit the invoice to ensure expenditures are in accordance with the approved contract. If a problem exists, the Fiscal Clerk will notify the requestor and the WIOA Fiscal Administrator of the problem and the adjustments that will be made.

If problems or concerns surface in the overall area of cash management, the WIOA Fiscal Administrator will present the issue to the SCCOG Executive Director and the WIOA Program Administrator.

CHAPTER 6 – VENDOR MAINTENANCE

INTRODUCTION

The chapter on Internal Controls discussed the need to have a separation of duties and a system of internal controls to review and approve payment processes to avoid waste, fraud, and abuse. Establishing new vendors in the accounting system will allow staff to process payments and/or disbursements. This process requires a separation of duties which includes the initial setup of new vendors versus the process of entering payments and processing actual checks.

PROCEDURE

PARTICIPANTS – supportive service payments are approved by One Stop or Youth Provider staff based on established guidelines for the WIOA program. Participant files and all required participant documents are the responsibility of the One Stop Center and/or Youth Provider, and will be maintained at their locations. In addition, originals of all One Stop documents will be sent to the Fiscal Agent for its files.

Payments made directly to a participant by the Fiscal Agent are for supportive services, which may include transportation, child care, temporary shelter, etc. Upon approval of supportive services, the One Stop Center must submit to the fiscal agent an approved Form WIOA-4, Supportive Services Request and Approval, for each participant. This document will also serve as notice that a new participant must be entered into the accounting system as a new vendor.

Supportive service payments will not be processed unless completed WIOA-4 forms are received.

New WIOA-4 forms will be given to the WIOA Fiscal Administrator who is authorized and responsible for creating new participant vendors in the accounting system. After new participant records have been created, the Fiscal Clerk can then proceed with entering and processing payments per the established schedule.

VENDORS – payments to vendors are made for goods and/or services provided under the WIOA Program. A purchase order or a contract will be issued for goods and/or services. New vendors may have to be established in the accounting system in order to process payments. As required, the WIOA Fiscal Administrator will review/audit approved purchase orders or contracts and create new vendors in the accounting system. After the new vendor files have been created, the Fiscal Clerk can proceed with entering and processing payments based on original invoices.

ADDRESS AND NAME CHANGES - address and name changes will follow the same procedures listed above. The Fiscal Clerk will batch required changes and forward to the WIOA Fiscal Administrator in order to update the vendor files.

DELEGATION – in the absence of the SCCOG Fiscal Administrator, a designee will be authorized to create new vendor records.

CHAPTER 7 – CHECK STOCK

INTRODUCTION

The development of this chapter is to further the goal of developing processes and procedures that will ensure proper internal controls and a separation of duties.

POLICY

The SCCOG staff authorized to enter invoices for payment and generate actual checks for payment will not have open access to the inventory of blank checks. The SCCOG will assign an employee that is not authorized to enter WIOA payments to serve as the “check stock custodian” and will ensure blank check stock is maintained in a secure area with access limited to only approved individuals. Blank check stock will be inventoried, and a log maintained of all incoming and outgoing blank checks.

PROCEDURE

1. Blank Checks

After a payment batch has received final approval and is ready for actual payment, the WIOA Fiscal Administrator will determine the *exact* number of blank checks required to process the payments/disbursements. The required number of blank checks will be requisitioned from the check stock custodian who will enter the information in the check stock log. The disbursement of check stock will be entered into the check stock log with an issuance date and signature of the custodian. The WIOA Fiscal Clerk will also initial the log as receiving the checks.

Upon receipt of the blank checks the WIOA Fiscal Clerk will proceed with the payment process as normal.

2. Voided Checks

On occasion it may be necessary to “void” a check that has already been processed for payment. A log of voided checks shall be maintained by the WIOA Fiscal Administrator. Upon determination that a check should be voided, the WIOA Fiscal Clerk will immediately stamp VOID across of the front of the check, if the check is still in the possession of SCCOG. The voided check will be entered into the Voided Check Log stating the check number, check date, void date, and reason for voiding the check. The checks and log will be maintained until the external audit has been completed.

The voided check information will be entered into the accounting system which will re-establish the Accounts Payable pending invoice. The pending invoice, at this time, may be re-issued with the correct information or canceled.

CHAPTER 8 – PAYMENT/DISBURSEMENTS

INTRODUCTION

Disbursing public funds is a critical function of a government operation. Internal controls must be in place to ensure payments are for approved, legitimate goods and services that have been obtained through appropriate procurement standards.

POLICY

All payments/disbursements must be approved, in writing, by a supervisor other than the staff member entering the pending invoice/payment into the accounting system. Payments will only be processed for goods received and/or services rendered. As a general rule, every payment must be supported by an original or certified copy of the invoice. Supportive service payments must be supported by an approved time and attendance report or other approved invoice.

PROCEDURES

Supportive Service Payments – All supportive service payments must be processed through the submittal of a Time and Attendance Report that will identify the type of payment, amount and/or rate(s) of payment, the approval of a supervisor/career advisor, as well as the participant’s signature.

Time and Attendance Reports will be forwarded to the WIOA SCCOG Administrative Entity for review and approval. Once approved by the Administrative Entity the Invoice will be forwarded on to the Fiscal Clerk. Each Time and Attendance Report will be, again, audited and approved by the WIOA Fiscal Administrator to ensure compliance with the stipulations in the approved WIOA-4, Supportive Services Request and Approval. After approval the Fiscal Clerk will enter the payments into the accounting system, accounts payable module. After all payments have been entered and verified, the report “Unposted Accounts Payable Transactions” will be printed. The Unposted Transaction report and the Time and Attendance reports will be batched and forwarded to the WIOA Fiscal Administrator for review and approval. After approval, the payment batch will be returned to the Fiscal Clerk in order to produce the checks for payment.

Tuition and Related Payments – Tuition, books and other allowable items must be processed through the submittal of an Individual Training Account (ITA). The ITA must contain an itemization of the costs to be covered, including tuition, registration fees, books, supplies, and/or other allowable items. The ITA must be signed by the participant, training provider, and One Stop Center career advisor in addition to obtaining the final approval of the One Stop Center director or designee.

Invoices will be forwarded to the WIOA SCCOG Administrative Entity for review and approval. Once approved by the Administrative Entity the Invoice will be forwarded on to the Fiscal Clerk. The WIOA Fiscal Clerk will again review the invoices and reconcile to the participant contracts on file. Approved invoices will be entered into the Accounts Payable module of the Accounting System by the WIOA Fiscal Clerk. After all payments have been entered and verified, the “Unposted Accounts Payable Transactions” report will be batched with the ITAs and forwarded to the WIOA Fiscal Administrator for review and approval. After approval, the payment batch will be returned to the Fiscal Clerk to produce the checks for payment.

On-the-Job Contracts – An OJT contract must be finalized between the One Stop Center and the employer which will identify, at a minimum, the number of participants, occupations and wages to be paid. Invoices will be forwarded to the WIOA SCCOG Administrative Entity for review and approval. Once approved by the Administrative Entity the Invoice will be forwarded on to the Fiscal Clerk. The Fiscal Clerk will audit the invoice to ensure the invoice is in compliance with the terms of the OJT contract prior to entering the payment voucher into the Accounts Payable module. Upon entering audited invoices into the Accounts Payable system, the Fiscal Clerk will produce the report “Unposted Accounts Payable Transactions.” The Unposted Transaction report, the original invoice and approved OJT contract will be batched and forwarded to the WIOA Fiscal Administrator for review and approval and posting. After approval, the unposted payment batch will be returned to the Fiscal Clerk to produce the checks for payment.

Goods and Services – A purchase order must be completed to procure goods and/or services for the WIOA program. Invoices for goods and services will be forwarded to the WIOA Fiscal Administrator for review and approval. Upon entering audited invoices into the Accounts Payable system, the Fiscal Clerk will produce the report “Unposted Accounts Payable Transactions”. The Unposted Transaction report, the original invoice and approved purchase document will be batched and forwarded to the WIOA Fiscal Administrator for review and approval and posting. After the batch will be returned to the Fiscal Clerk in order produce the checks for payment.

Service Provider Reimbursements – In accordance with the approved contract, the One Stop Center and Youth Services Provider will submit an invoice to request reimbursement of valid expenditures. The cash request and any required supporting documentation will be submitted directly to the WIOA Fiscal Agent. The WIOA Fiscal Administrator will audit the invoice and verify that the expenditures are in accordance with the approved contract. After the invoice has been audited by the WIOA Fiscal Administrator, the Fiscal Clerk will enter the invoice into the accounts payable module. The “Unposted Transactions” report will be batched with the original invoice and forwarded to the WIOA Fiscal Administrator for review and approval and posting. After approval, the unposted payment batch will be returned to the Fiscal Clerk to produce the actual check.

CHAPTER 9 – BANK RECONCILIATION

INTRODUCTION

Timely reconciliation of a bank account will allow staff to detect errors in posting in the general ledger or to the account by the fiscal agent bank. This process will also uncover attempts at fraud in connection with the bank and cash account.

POLICY

The bank account must be reconciled by an employee who is not responsible for the receipt or disbursement of WIOA cash. The reconciliation must be completed on a monthly basis. Each reconciliation and the supporting documentation must be maintained until the external audit has been completed and in accordance with state record retention schedules. The SCCOG will utilize the accounting system Bank Reconciliation module and will follow the software instructions to complete the reconciliation on a monthly basis.

PROCEDURE

All correspondence from the fiscal agent bank should remain “unopened” and forwarded to the person responsible for the reconciliation. The employee responsible for the reconciliation should not be responsible for either cash receipts or disbursement for the WIOA program.

Typical Steps

1. Record the date and account number on the bank statement top of the worksheet.
2. Record the bank statement balance on the worksheet.
3. List and total all outstanding deposits.
4. List all outstanding check numbers and total the corresponding amounts.
5. Record the GL cash account balance, adjust for any unrecorded bank activity such as interest earned and service charges. This is the adjusted bank balance.
6. Compare the adjusted bank balance to the adjusted cash balance – they must equal.
7. If the accounts do not balance, a full explanation must be documented on the reconciliation form.
8. The employee responsible for preparing and reviewing the reconciliation must both sign and date the reconciliation.

CHAPTER 10 – TRANSACTION NUMBERING

INTRODUCTION

Accounting systems are designed to record financial transactions in a consistent and routine manner. Financial information should be designed to support administrators in the successful operation of programs. Designing the user-defined portions of a system must be well thought out in order to provide information in a useful and timely manner.

POLICY

The user-defined portions of the accounting system will be designed with input from consultants, software support experts, and in consultation with other similar users of the system. Changes to the system will be recommended and discussed internally with the SCCOG Fiscal Administrator and Executive Director prior to implementation.

PROCEDURE

The Chart of Accounts have been developed in consultation with the software support vendor, consultant support, as well as other WIOA users of the accounting system. See appendix for a copy of the Chart of Accounts.

Listed below is the approved numbering sequence for the various types of accounting transactions.

Transaction Type Numbering Series

Supportive Service Payments –	LNameMM/DD LName- Last Name of Participant MM/DD- Month and Date of Pay Period Ending
Accounts Payable Invoices – API Session	XXXXXXXX API0408001 Calendar year = 04 Month = 08 Sequential # = 001
Accounts Payable Checks – APC Session	XXXXXXXX APS0408001 Calendar year = 04 Month = 08 Sequential # = 001
Cash Receipts – CR Session	XXXXXXXX DR0408001 Calendar year = 04 Month = 08 Sequential # = 001

Journal Voucher – JV Session	XXXXXXXX	JV0408001
Interest		Calendar year = 04
Bank Charges		Month = 08
Revenues		Sequential # = 001
Adjustments/Corrections		
Accounts Receivable –AR Session	XXXXXXXX	ARI0408001
		Calendar year = 04
		Month = 08
		Sequential # = 001
Voided Checks – VC Session	XXXXXXXX	0408001
		Calendar year = 04
		Month = 08
		Sequential # = 001

Each program year (July 1st) the numbering series will start again with the new funding year designation.

CHAPTER 11 – ADMINISTRATIVE/FISCAL CONTROLS/FINANCIAL MANAGEMENT

INTRODUCTION

Federal regulations require the establishment of fiscal controls and accounting procedures in order to assure proper disbursement of, and accounting for, WIOA funds. Financial transactions and accounting records must be in accordance with generally accepted accounting principles.

POLICY

The SAWDB, including Chief Elected Officials, Local Board members, Administrative Entity/Fiscal Agent staff and service providers receiving WIOA funds, except as provided in the regulations, shall comply with the applicable Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments codified at 2 CFR Chapter I, Chapter II, and Part 200.

PROCEDURE

The SAWDB Administrative Entity and Fiscal Agent staff will review the Administrative Rules, Costs, and Limitations under the 2 CFR Chapter I, Chapter II, and Part 200 and ensure compliance. Specific rules include the following:

1. Workforce Innovation and Opportunity Act of 2014
2. WIOA Joint Final Rule
3. New Mexico Administrative Code
4. State Technical Assistance Guidance
5. Procurement contracts between local boards and units of State or local governments must be conducted on a cost reimbursement basis.
6. Program income must be recorded under the “Addition Method” for all program income earned under WIOA Title I grants.
7. Accounting Systems/Financial Management Systems utilized by the SAWDB will comply with 2 CFR 200.302 Financial Management criteria that ensures that Federal Funds are expended in 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.
 - a. Financial Management Systems utilized by the SAWDB will provide the following:
 - i. Clear identification of Federal Funds Received and expended (by awarding agency and year).
 - ii. Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance.
 - iii. Records that identify adequately the source and application of funds for federally-funded activities.
 - iv. Effective control over, and accountability for, all funds, property, and other assets.

- v. Comparison of expenditures with budget amounts for each Federal award.
 - vi. Written procedures to implement the requirements of § 200.305 Payment.
 - vii. Written procedures for determining the allowability of costs in accordance with Subpart E - Cost Principles of this part and the terms and conditions of the Federal award.
8. Allowable costs must be determined by 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Rewards

Costs that are not part of administration but are charged directly to program costs include:

1. Information systems, including the purchase, development and operation for the following activities:
 - a. Tracking or monitoring participant and performance information;
 - b. Employment statistics, including job listings, job skills and demand occupation information;
 - c. Performance and program cost information on eligible providers;
 - d. Local area performance information; and
 - e. Information relating to supportive services and unemployment insurance claims.

CHAPTER 12 – WIOA ADMINISTRATIVE COST LIMITS AND FUNCTIONS

INTRODUCTION

Under the Workforce Innovation and Opportunity program, local area expenditures are limited to no more than ten percent (10%) of the amount allocated to the local area under section 128(b) Youth Activities and 133(b) Adult/Dislocated Worker activities included in the Act. The Act states that local administrative costs need not be allocated back to the individual funding streams.

POLICY

The SAWDB will ensure the requirements within the Uniform Administrative Requirements, Cost Principles and Audit Requirements are complied with by the administrative entity, fiscal agent, and service providers or other sub-recipients.

PROCEDURES

The administrative entity will ensure all sub-grants and/or contracts written within the Southwest Area utilizing WIOA funds will provide program funds if the subrecipient/contractor performs any of the following functions:

1. Accounting, budgeting, financial and cash management functions;
2. Procurement and purchasing functions;
3. Property management functions;
4. Personnel management functions;
5. Payroll functions;
6. Coordinating the resolution of findings arising from audits, reviews, investigations, and incident reports;
7. Audit functions;
8. General legal services functions;
9. Developing systems and procedures, including information systems, required for these administrative functions;
10. Performing oversight and monitoring responsibilities related to WIOA administrative functions;
11. Costs of goods and services required for administrative functions;
12. Travel costs incurred for official business in carrying out administrative activities;
13. Costs of information systems related to administrative functions, for example, personnel, procurement, purchasing, property management, accounting and payroll. The costs include the purchase, systems development, and operating cost of these systems; and
14. Awards to subrecipients or vendors that are solely for the performance of administrative functions;

CHAPTER 13 – REPORTING REQUIREMENTS

INTRODUCTION

The State Administrative Entity (SAE) has established the reporting requirements for the Local Areas. The report format and applicable due dates are also established by the SAE.

POLICY

The SAWDB will comply with all established reporting requirements as set forth by the State Administrative Entity. In accordance with federal regulations, reported expenditures and program income, including any profit earned, must be on the accrual basis of accounting and cumulative *by fiscal year of appropriation*.

The monthly financial report will be submitted to the SAE by the 20th of the following month in accordance with the established due dates. A final financial report is required forty-five (45) days after the expiration of a funding period or termination of a grant.

PROCEDURES

The Office of Workforce Training and Development has distributed the required Monthly Financial Status Report (MFSR) that Local Areas must complete and submit to the SAE by the 20th of the following month.

An MFSR will be prepared for each available funding year in addition to a report for the Governor's 10% Incentive Funds that have been awarded to the SAWDB.

All financial transactions for a particular month will be entered and posted in the accounting system by the last day of the month. The WIOA accounting staff will run the Revenue and Expenditure Report for the applicable month in order to begin preparing the required monthly MFSR. The MFSR will reflect the authorized allocations from the State for each individual funding year, PY and FY. Unexpended balances will not be added to a subsequent year budget but will continue to be reflected in the year in which the funds were originally allocated.

CHAPTER 14 – COST PRINCIPLES

INTRODUCTION

Uniform Administrative Requirements, Cost Principles and Audit Requirements establishes the Cost Principles for State, Local and Indian Tribal Governments. The principles and standards are used to provide a uniform approach for determining costs for Federal grants, cost reimbursement contracts, and other agreements with State and Local governments. The principles are for determining allowable costs and to promote effective program delivery, efficiency, and better relationships between governmental units and the Federal Government.

POLICY

The SAWDB program administrators will ensure the WIOA program complies with the principles set forth in the Uniform Administrative Requirements, Cost Principles and Audit Requirements.

PROCEDURES

Staff should refer to the Circular for a full and complete reading of the regulation.

Administrative and Fiscal staff responsible for the WIOA program will consider the principles prior to authorizing procurements, incurring expense, or charging costs to the WIOA program. Listed below is a general presentation used to determine allowable/unallowable costs:

- **Allowable**
 - Necessary and reasonable
 - Allocable to the federal grant
 - Authorized – not prohibited
 - Conforms to limitations/exclusions in the grant
 - Accorded consistent treatment
 - In accordance with generally accepted accounting principles
 - Not included as a cost/matching requirement for another federal grant
 - Net of credits
 - Adequately documented
- **Reasonable**
 - Does not exceed amount a prudent person under the same conditions would incur
 - Is ordinary and necessary for the operation of the government
 - Complies with sound business practice, arm's length bargaining, terms/conditions of the award
 - Market prices for comparable goods/services
 - Program officials proceed with prudence in governmental responsibilitiesDoes not deviate from established practices of the government which unjustifiably increases the costs to the federal grant
- **Allocable**

- o Costs of goods/services are chargeable/assignable in accordance with relative benefits received
- o Activities which benefit from the government's indirect cost receive an allocation of the indirect cost
- o Costs under a grant may not be charged to another grant in order to avoid fund deficiencies
- o A cost allocation plan will be prepared for an accumulation of indirect costs
- **Applicable Credits**
 - o Discounts, rebates, recoveries or overpayments will be credited to the federal grants as they relate to allowable costs, either direct or indirect.
 - o Cost sharing or matching requirement amounts should be netted against federal funded expenditures in order to determine the amount charged to a federal grant

The Circular lists approximately forty-two items that are allowable/unallowable for reference by federal program administrators. Listed below are the most common items typically discussed.

ALLOWABLE ITEMS

1. **Accounting** – costs of establishing and maintaining accounting and other information systems.
2. **Advertising** – for the recruitment of personnel, procurement of goods/services, disposal of surplus materials.
3. **Public Relations** – when required to communicate specific activities or accomplishments of the federal program. Allowed as a direct cost.
4. **Legal Defense** – costs incurred in defense of any civil or criminal fraud proceeding or similar proceeding is allowable.
5. **Meetings/Conferences** – where the primary purpose is the dissemination of technical information, including meals, transportation, rental of facilities and other incidental costs.
6. **Membership in Civic/Community Organizations** – membership in such organizations may be approved as a direct cost with the approval of the federal awarding agency. However, membership is not allowable if the organization is substantially involved in lobbying.
7. **Pre-award Costs** – pursuant to negotiation and when necessary to comply with a proposed delivery schedule, such costs are allowable to the extent they would be allowable if incurred after the date of award.
8. **Proposal Costs** – may be charged directly to a federal award with the prior approval of the federal awarding agency.

UNALLOWABLE ITEMS

1. **Advertising and Public Relations** – costs of displays, demonstrations, exhibits, meeting rooms, hospitality rooms, special events, promotional items such as models, gifts or souvenirs and the salaries of employees engaged in setting up the above activities, if for the purpose of a *general government unit*.
2. **Bad Debt Expense** – losses arising from uncollectible accounts or claims.

3. **Legal Expenses** – the prosecution of claims against the Federal Government are unallowable.
4. **Entertainment** – including amusement, social activities, and tickets to shows/sporting events, meals, lodging, rentals, or transportation.
5. **Fines and Penalties** – fines, penalties, damages and other settlements resulting from violations (or alleged violations) of, or failure of the governmental unit to comply with Federal, State or Local laws or regulations.
6. **Costs of Investment Counsel/Staff** – expenses incurred to enhance income from investments unless specifically related to pension, self-insurance or other funds which include federal participation.
7. **Costs of Idle Facilities or Idle Capacity** – the costs are unallowable except if necessary to meet fluctuations in workload or the facility was necessary when acquired; however, changes in program requirements has since caused the facility to become idle.
8. **Lobbying** – the cost of certain influencing activities associated with obtaining grants, contracts, agreements, or loans is an unallowable cost.

CHAPTER 15 – CENTRAL SERVICE COST ALLOCATION PLAN

INTRODUCTION

Most governmental entities arrange for and provide certain services, such as accounting, purchasing, computer services etc. to agencies or divisions on a centralized basis. A Central Service Cost Allocation Plan provides a process where these costs can be identified and assigned/allocated to agencies/divisions on a reasonable and consistent basis.

POLICY

The Central Service Cost Allocation Plan will include all central service costs that will be claimed under federal awards and will be documented as required.

Applicable definitions as listed in the circular are as follows:

Billed central services – central services that are billed to benefited agencies/programs on an individual fee-for-service or similar basis. Typical examples of billed central services include computer services, insurance, and fringe benefits.

Allocated central services – central services that benefit operating agencies but are not limited to the agencies on a fee-for-service or similar basis. These costs are allocated to benefited agencies on some reasonable basis. Examples of these services include accounting, personnel administration, purchasing services, etc.

Agency or operating agency – organizational unit or sub-division of a governmental unit that is responsible for the performance or administration of awards.

PROCEDURES

A plan may be prepared or updated each year in which it claims central service costs under federal awards. The plan will include:

1. A projection of the next year’s allocated central service cost, based on actual costs for the most recently completed year or based on the budget projection for the coming year, and;
2. A reconciliation of actual allocated central service costs to the estimated costs used for the most recently completed year or the year immediately preceding the most recently completed year.

If the local government has been designated as a “major local government”, then the plan must be submitted to the appropriate agency annually. If not a “major local government,” then the plan must be prepared with related supporting documentation; however, the plan is not required to be submitted for federal approval. Where a local government only receives funds as a sub-recipient, the primary recipient will be responsible for negotiating rates and monitoring the plan.

The central service cost allocation plan will be prepared six months prior to the beginning of each fiscal year in which the governmental unit proposes to claim central service costs.

Required Plan Documentation

The proposed plan will include the following documentation:

General Information:

1. Organizational Chart – detailed to show operations including the central service activities.
2. Comprehensive Annual Financial Report – a copy of the CAFR or Executive Budget if budgeted costs are proposed. This will be used to support the allowable costs of each central service activity included in the plan.
3. Certification – that the plan was prepared in accordance with 2 CFR 200 and treats similar costs consistently among the various federal grants and non-federal awards/activities.

Allocated Central Services:

1. Description of the central service.
2. Identification of the unit providing the service and the agency/unit receiving the service.
3. Item of expense included in the cost and method to distribute the cost.
4. Summary schedule showing the allocation of each service to the specific benefited agency/unit.

Negotiation and Approval of Central Service Plans

Uniform Administrative Requirements state once an agreement has been reached between the agency and the governmental unit, the agreement will be accepted and used by all federal agencies, unless prohibited or limited by statute.

CHAPTER 16 – INDIRECT COST RATE

INTRODUCTION

Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the result achieved. After direct costs have been determined and assigned directly to the federal award and other activities as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated to a federal award as an indirect cost if any other costs incurred for the same purpose in like circumstances has been assigned to a federal award as a direct cost.

POLICY

The SCCOG **may** prepare and update as required by Federal Regulations, an Indirect Cost Rate Plan. The Indirect Costs will include 1) the indirect costs of each governmental unit, and 2) the costs of central governmental services distributed through the central service cost allocation plan. The following conditions will apply:

1. The **base** to determine the indirect cost rate will consist of direct salaries and wages.
2. The **base period** will be the fiscal year, 7/1 - 6/30.
3. The rate will be a “**Predetermined Rate**” and will be based on an estimate of the costs to be incurred during the period and only under very unusual circumstances, the rate will not be subject to adjustment. The rate will be established for a period of four (4) years.

The **Simplified Method** will be used to compute and allocate indirect costs for the SCCOG governmental organization. Federal regulations allow this method to be used when all the major functions benefit from the indirect costs to approximately the same degree.

PROCEDURE

Total organization costs will be obtained from the accounting system for the previous fiscal year separated by direct costs and cost categories defined as indirect costs. Indirect costs are those costs that are incurred for common or joint purposes which cannot easily be identifiable with a particular cost objective. The total indirect costs will then be divided into the direct base costs. The resulting indirect cost rate will then be used to distribute indirect costs to individual grants/activities.

The Indirect Cost Worksheet with supporting accounting reports will be retained for audit purposes in accordance with approved record retention schedules. The indirect cost plan may be submitted to the

SCCOG’s appropriate agency for approval. The plan may be prepared within six (6) months of the end of the fiscal year, June 30th.

In accordance with the provisions under the Uniform Administrative Requirements once the rate is approved by the appropriate agency, it will be accepted and used by all federal agencies unless

prohibited or limited by statute. As encouraged by the circular, the approved predetermined rate will be for a period of four (4) years.

The Indirect Cost Plan will include the following:

Required Plan Documentation

1. Organizational Chart – detailed to show operations along with a functional statement noting the duties and/or responsibilities of all units that comprise the organization.
2. Indirect Cost Worksheet, including any subsidiary worksheets or other data cross-referenced and reconciled to the financial data.
3. Central Service cost allocation plan costs.
4. Copies of financial data used to calculate the rate, i.e., CAFR, budget and accounting reports.
5. Report/worksheet of direct costs broken out between salaries/wages and other direct costs.
6. Certification – that the plan was prepared in accordance with applicable regulations, cost are allowable and are properly allocable to federal grants on the basis of a beneficial relationship. Additionally, certifying that the costs treated as indirect costs have not been claimed as a direct cost and have been accounted for consistently.

CHAPTER 17 – INDIVIDUAL TRAINING ACCOUNTS

INTRODUCTION

An Individual Training Account (ITA) is established for eligible individuals to finance training services. The ITA which is established on behalf of a participant allows him/her to select training services from eligible training providers in consultation with a SAWDB One Stop Center staff.

SAWDB WIOA program administrators, in conjunction with the WIOA State Administrative Entity, are responsible for the development of a detailed programmatic policy on training services in accordance with WIOA. The program policy will detail such items as demand occupations, eligible providers, assessment and counseling, individual development plans, etc.

This policy is intended to address the payment process of invoices relating to approved Individual Training Accounts.

POLICY

The SAWDB will comply with the provisions of the State policy and the SAWDB Policy on Individual Training Accounts. ITAs will be prepared by the approved SAWDB One Stop Center. The ITA must include all approved training costs, such as books, fees, supplies, equipment/tools uniforms, registration and tuition. If financial aid (i.e., Pell grants, Lottery Scholarships, or other scholarships) is also obtained by the participant, this amount should be reflected on the ITA. The original of the approved ITA will be forwarded to the SAWDB's Fiscal Agent for payment.

The SAWDB One Stops will be responsible for ensuring the cumulative ITAs do not exceed the amount approved by the SAWDB.

A training institution will submit an invoice directly to the SAWDB Administrative Entity. The amounts included on the invoice will be audited and compared to the ITA. SCCOG Fiscal Agent staff and Administrative Entity staff, along with One Stop Center staff, will ensure invoiced amounts do not exceed allowable costs by category as listed on the ITA. After the invoice has been reviewed for completeness and accuracy, it will be processed for payment.

A payment voucher will be prepared for payment to the training facility with payment information available by facility and by participant. Payments will reduce the outstanding encumbrance.

At year end (June) the fiscal agent will analyze the outstanding ITAs to determine the amount that applies to June 30th and prior and the amount that applies to July 1st and forward.

Document Processing

Fiscal Agent Staff

Invoices from the training institutions will be forwarded directly to the Administrative Entity to audit/review after which the payment voucher will be prepared, entered into the accounting system, and

readied for payment. All payment vouchers and payment batches will be forwarded to the Fiscal Clerk for review and final approval.

The fiscal agent will forward a periodic report to the One Stop Operator advising them of the ITAs that have been paid by institution, participant and amount. The fiscal agent will address billing issues and other questions/issues to the applicable One Stop Center staff.

CHAPTER 18 – ON THE JOB TRAINING CONTRACTS

INTRODUCTION

On the Job Training (OJT) is training by an employer provided to a paid participant while engaged in productive work in a job that 1) provides knowledge or skills essential to the full and adequate performance of the job; 2) provides reimbursement to the employer of up to 50% of the wage rate of the participant and 3) is limited in duration as appropriate to the occupation for which the participant is being trained.

POLICY

The SAWDB and SCCOG will comply with the provisions of the State policy on OJT contracts. SAWDB WIOA program administrators, in conjunction with the WIOA State Administrative Entity, are responsible for the development of a detailed local area programmatic policy on OJT services in accordance with WIOA.

The SAWDB One Stop Center Staff will be responsible for preparing all required OJT documents.

An OJT contract may be written with an employer in the public, private nonprofit, or private sector. Occupational training is provided by the employer to the participant in exchange for reimbursement. Allowable reimbursement rates will be referenced in the current SAWDB OJT Policy.

The One Stop Center career staff will ensure all other wage and conditions of employment are in accordance with the regulations and established state and local policy.

PROCEDURE

One copy of the completed and approved OJT contract will be forwarded to SAWDB Fiscal Agent by the One Stop Center.

The employer will submit a monthly Progress Report/Invoice and Timesheet – Time, Attendance and Evaluation Report directly to Service provider. The amounts included on the invoice will be audited and compared to the approved OJT contract. WIOA Service Provider staff will ensure invoiced amounts do not exceed the contract amount and maximum number of hours per participant. After the invoice has been reviewed for completeness and accuracy it will be forwarded to WIOA Fiscal Staff for payment.

A payment voucher will be prepared for payment to the employer with payment information available by employer and by participant. Payments will reduce the outstanding encumbrance.

At year end (June) the fiscal agent will analyze the outstanding OJT contracts to determine the amount that applies to June 30th and prior and the amount that applies to July 1st and forward.

The fiscal agent will forward a report to the One Stop Operator advising of the OJT payments by employer, participant, and amount.

Fiscal Agent Staff

After Service Provider Staff verify the Invoices from the OJT employer, the Case Manager will forward directly to the Fiscal Agent to audit and prepare for payment, after which the payment voucher will be prepared, entered into the accounting system and readied for payment. All payment vouchers and payment batches will be forwarded to the Fiscal Clerk for review and final approval.

The fiscal agent will forward copies of the payments to the One Stop Operator, advising of the OJT contracts that have been paid by employer, participant, and amount. The Fiscal Agent/Administrative Entity will address billing issues to the OJT employer while all other questions/issues will be forwarded to the One Stop Center career advisor.

CHAPTER 19 – SUPPORTIVE SERVICES

INTRODUCTION

Services that are necessary to enable an individual to participate in activities authorized under WIOA are transportation, child care, dependent care, basic readjustment services, medical and health care services and other needs-related payments. These services may be provided to individuals who are 1) participating in core, intensive or training; and 2) unable to obtain supportive services from other programs.

POLICY

SAWDB WIOA program administrators, in conjunction with the WIOA State Administrative Entity, are responsible for the development of a detailed local area programmatic policy on supportive services in accordance with WIOA. The program policy details such items as, eligibility, definition of needs-related, limitations to include time and funding, assessment and counseling, individual development plans, etc.

This policy is intended to address the payment process of invoices/time sheets relating to approved Supportive Services.

As with all WIOA services, the One Stop Center staff is responsible for advising individuals of the supportive services available through the WIOA program, as well as services available from other community programs. The One Stop Center staff is also responsible for determining and documenting “need” for each individual as well as completing and approving the WIOA-4(Supportive Services Request and Approval Form).

PROCEDURE

The One Stop Center is responsible for forwarding a completed and approved WIOA-4 for each participant. The fiscal agent staff will maintain files for all participants to include a copy of the WIOA-4 which lists the specific services approved and related amount.

On a bi-weekly basis the participant is required to deliver a WIOA-5 (Time and Attendance) to the One Stop Center, and at the same time pick up from his/her career advisor his/her supportive services payment for the prior period. The One Stop Center will submit all WIOA-5 Time and Attendance Reports to the fiscal agent per the established schedule. This report will document the actual days of attendance that will allow for the payment of daily amounts for supportive services. Fiscal agent staff will ensure the proper rates, as listed in the program policy, are paid for days of attendance. When processing requested payments, the amounts will be verified against the WIOA-4 authorized services and amounts. Payments will be made to the individual participant or; if for medical care, health care or other services, payments will be made to the vendor/service provider. As stated above, participant checks will be distributed to the participant by the One Stop Center career staff.

Fiscal Agent Staff

Upon receipt of the approved WIOA-4's from the WIOA program staff, the Fiscal Clerk will establish the permanent file.

WIOA-5 (Time and Attendance Reports) will be forwarded by the One Stop Center directly to the Fiscal Clerk to audit and review for payment, after which the payment voucher will be prepared, entered into the accounting system, and readied for payment. All payment vouchers and payment batches will be forwarded to the Fiscal Administrator for review and final approval.

The fiscal agent will forward a periodic report to the One Stop Operator advising them of the Supportive Service Payments that have been paid by institution, participant and amount. The fiscal agent will address Time and Attendance Report issues to the One Stop Center career staff.

CHAPTER 20 – WORKERS’ COMPENSATION

INTRODUCTION

The Worker’s Compensation Law, Chapter 52, of the Laws of New Mexico establishes the requirements for the provision of workers compensation coverage for workers as well as the required fees that are assessed against employers and employees.

POLICY

The SAWDB and SCCOG will comply with the provisions of the State law and State Administrative Entity policy on Worker’s Compensation coverage. State law requires all employers of three or more employees to have a worker’s compensation insurance policy. There is a special provision for employers in the construction trades, which requires employers to have coverage, regardless of the number of employees. Non-construction employers who employ less than three employees may elect to provide coverage, if not; the WIOA program will provide coverage in this instance.

State law also requires the imposition of a Worker’s Compensation personnel assessment per employee per quarter. Employers must assess and pay this fee each quarter based on the number of employees on the last working day of the quarter.

CHAPTER 21 – AUDIT REQUIREMENTS & AUDIT APPEALS

INTRODUCTION

2 CFR Part 200 Subpart F ensures that an organization will maintain audit and audit resolution processes that will ensure that audits are conducted and resolved in a timely manner.

REFERENCES

- 2 CFR 200.501

POLICY

The SAWDB will comply with the requirements of 2 CFR Part 200.501 and will ensure all entities contracting with the SAWDB utilizing Federal funds are required contractually will comply as well.

As required by Federal legislation, non-federal entities that expend, on an annual basis, \$750,000 or more in Federal awards shall have a single audit conducted for that year. Non-federal entities that expend less than \$750,000 annually in Federal funds are exempt from Federal audit requirements but must maintain records for review or audit by appropriate officials of the Federal agency, State Administrative Entity, SAWDB or other authorized officials.

An entity may be a recipient, a sub-recipient, or vendor. Federal funds awarded to a recipient or sub-recipient are subject to audit under 2 CFR Part 200.501.

It is the responsibility of the pass-through entity to establish in the contract compliance requirements which may include pre-award audits, monitoring during the contract, and post-award audits.

Compliance with the requirements of 2 CFR 200.501- Audit requirements, do not limit or constrain the grantor or pass-through entity from carrying out additional audits. Any additional audits should be performed in a way to build upon work performed by other auditors.

Unless otherwise required, audits shall be conducted annually for the period July 1 – June 30. Federal agencies and pass-through entities shall take appropriate action using sanctions if a recipient/subrecipient is unable or unwilling to have an audit conducted in accordance with 2 CFR 200.501. Sanctions may include:

- Withholding a percentage of award until the audit is completed;
- Withholding or disallowing overhead costs;
- Terminating the federally funded contract.

PROCEDURE

1. SAWDB Standards:

The SAWDB through the Administrative Entity will be responsible for monitoring the activities of subrecipients to ensure the provisions of contracts and/or agreements are being met in addition to specific compliance with Federal laws, regulations, and performance goals.

The SAWDB's Administrative Entity, SCCOG, will also be responsible for arranging for required audit services of the SAWDB in accordance with Federal regulations and local procurement policy. The SCCOG will assist the auditors in obtaining required reports, statements and records. The external auditor, in conjunction with SAWDB staff, will ensure all procedures comply with the New Mexico State Auditor Rule, which is updated on an annual basis.

Upon receipt of the draft audit report, the Administrative Entity will review and respond in writing to all findings to be included in the final report. After receipt of the final audit report, the Administrative Entity will ensure all entities take appropriate and timely corrective action.

Final audit reports, upon approval by the State Auditor will be released to the State Administrative Entity, Cognizant Agency, Federal Clearinghouse and any other specified entities. Auditees will retain copies of the Federal Clearinghouse collection form and all audit supporting documentation for a period of three (3) years unless the State requires an extended retention period.

2. Sub-recipient Standards:

Sub-recipients must:

1. Review the audit report of their subrecipients to ensure compliance with the requirements of 2 CFR 200.501.
2. Establish an audit resolution file to document the disposition of reported questioned costs and corrective actions taken for all findings.
3. Complete a control log. (The log must contain the date of the audit, the period covered by the audit, the date that the audit was received, the auditor, the questioned costs, the administrative findings, the date or dates of the Initial and Final Determinations, and documentation of decisions regarding the disallowed costs and administrative findings.)
4. Issue a letter of Initial Determination based on the audit review. The Initial Determination letter includes:
 - a. A list of all questioned costs.
 - b. Whether the costs are allowed or disallowed, including the reasons with appropriate citations for such actions.
 - c. Acceptance or rejection of any corrective action taken to date, including corrective action on administrative findings.
 - d. Possible sanctions.
 - e. The opportunity for informal resolution of no more than 60 days from the date of Initial Determination.
5. During informal resolution, the auditee may provide documentation to support allowability of costs and proposed corrective action of administrative findings.

Informal resolution discussions may be held by telephone, if necessary, but in person is preferable. When a meeting is held, provide a sign-in sheet. The sign-in sheet must be retained as part of the audit file. The meeting must be documented either with a voice recording or written notes. Negotiations of repayments can be initiated at this time.

6. Issue a written Final Determination. The Final Determination includes:
 - a. Reference to the Initial Determination.
 - b. Summation of the informal resolution meeting, if held.
 - c. Decisions regarding the disallowed costs, listing each disallowed cost and
 - d. Noting the reasons for each disallowance.
 - e. Questioned costs that have been allowed by the awarding agency and the basis for the allowance.
 - f. Demand for repayment of the disallowed costs.
 - g. Description of the debt collection process and other sanctions that may be imposed if payment is not received.
 - h. Rights to a hearing.
 - i. The status of each administrative finding.
7. The audit resolution process must be completed within six months after receipt of the subrecipient's audit report and must ensure that the sub-recipient takes appropriate and timely corrective action.
8. The audit file must be assembled for ease of reference in the event of future action. The file must be tabulated with the most current documentation first. The file should include the following:
 - a. Final Determination and proof of receipt by the sub-recipient.
 - b. Additional documentation submitted as part of the informal resolution process: – Notes related to the informal resolution.
 - c. Sign-in sheets from any informal resolution meetings.
 - d. Initial Determination and proof of receipt by the sub-recipient.

CHAPTER 22 – PROGRAM INCOME

Purpose:

This document establishes a Program Income Policy for Southwestern Area Workforce Development that adheres to the federal requirements regarding Workforce Innovation and Opportunity Act program income.

Scope:

This policy requires that all subrecipients expending WIOA funds shall comply with federal laws and regulations regarding program income.

REFERENCES:

Note: References from WIOA are from the Act, as signed into law in July 2014. References from Title 20 of the Code of Federal Regulations (CFR) are cited from the Notice of Proposed Rulemaking, and are therefore subject to change pending issuance of final Federal Regulations.

- WIOA Section 185(f)
- Title 20 Code of Federal Regulations (CFR), Subpart B, Section 683.200
- OMB Title 2 CFR 200.307

POLICY AND PROCEDURES:

Definition:

Program income means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance except as provided in §200.307 paragraph (f). (See §200.77 Period of performance.) Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. See also §200.407 Prior written approval (prior approval). See also 35 U.S.C. 200-212 “Disposition of Rights in Educational Awards” applies to inventions made under Federal awards.

Policy:

Cost of generating program income. If authorized by Federal regulations or the Federal award, costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the Federal award.

Governmental revenues. Taxes, special assessments, levies, fines, and other such revenues raised by a non-Federal entity are not program income unless the revenues are specifically identified in the Federal award or Federal awarding agency regulations as program income.

Property. Proceeds from the sale of real property, equipment, or supplies are not program income; such proceeds will be handled in accordance with the requirements of Subpart D— Post Federal Award Requirements of this part, Property Standards §§200.311 Real property, 200.313 Equipment, and 200.314 Supplies, or as specifically identified in Federal statutes, regulations, or the terms and conditions of the Federal award.

The addition method, described at 2 CFR 200.307, must be used for all program income earned under title I of WIOA. When the cost of generating program income has been charged to the program, the gross amount earned must be returned to the WIOA program. However, the cost of generating program income must be subtracted from the amount earned to establish the net amount of program income available for use under the grants when these costs have not been charged to the WIOA program. Fiscal Staff will report Program income on Cash Requests and Monthly Financial Status Reports to the State Administrative Entity.

There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise. The Federal awarding agency may negotiate agreements with recipients regarding appropriate uses of income earned after the period of performance as part of the grant closeout process. See also §200.343 Closeout.

Unless the Federal statute, regulations, or terms and conditions for the Federal award provide otherwise, the non-Federal entity has no obligation to the Federal awarding agency with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions made under a Federal award to which 37 CFR part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements” is applicable.

Action:

This policy is effective on the date approved by the Southwestern Area Workforce Development Board. Retain this policy until further notice.

Inquiries:

If you have questions, please contact the SAWDB WIOA Program Administrator or the SAWDB Fiscal Administrator at (575) 744-4857.

CHAPTER 23 – PURCHASING/PROCUREMENT/CONTRACTS/RFP/COMPETITION

INTRODUCTION

SAWDB follows New Mexico State Procurement Code, 1.4.1 NMAC State Procurement Code Regulations which is more strict than Federal: 2 CFR (UG) 200.94 & 200.319.

When SAWDB is purchasing capital equipment – those over \$5000 – the NMDWS grant officer must be informed and approval given.

All purchases require an approved Purchase Order. Purchase Orders will include, when applicable, an explanation of necessity and allocation and source documentation.

No purchases/contracts are to be made from debarred service providers or contractors.

Generally, all purchases will be completed with the use of SAWDB's procurement system including State approved vendors and State contracted pricing when possible.

Micro purchases of \$3,000 or less may be made without competitive quotations if price is reasonable with an attempt to share amongst available US suppliers.

Contracting/RFPs/Methods of Procurement

SCCOG, directed by SAWDB board, will prepare all Contracts and RFP's for Contractors and sub awarded Subrecipients in accordance with New Mexico procurement code, 1.4.1 NMAC State Procurement Code Regulations.

All Contractors / Subrecipients must not be barred from receiving Federal Funds at a minimum.

Methods of Procurement and Limitations that SAWDB will utilize are outlined in 1.4.1 NMAC State Procurement Code Regulations.

Proper RFP 2 CFR 200-320 (d) documentation for selection is maintained by SCCOG, processes include risk assessments, provider prior service history, Contractor's Internal Control policies, conflict of interest provisions, past performance of objectives, any recent Federal funds awarded, current single or 3rd party audit reports for risk a proper assessment.

Competition

SAWDB complies with 2 CFR 200.319 Competition in which all procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.

Some of the situations considered to be restrictive of competition include but are not limited to:

- (1) Placing unreasonable requirements on firms in order for them to qualify to do business;
- (2) Requiring unnecessary experience and excessive bonding;
- (3) Noncompetitive pricing practices between firms or between affiliated companies;
- (4) Noncompetitive contracts to consultants that are on retainer contracts;
- (5) Organizational conflicts of interest;
- (6) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- (7) Any arbitrary action in the procurement process.

References:

2 CFR 200.319 Competition.

1.4.1 NMAC State Procurement Code Regulations

CHAPTER 24 – SUBRECIPIENT/CONTRACTOR AND PASS-THROUGH ENTITY DETERMINATION REQUIREMENTS

INTRODUCTION:

This policy communicates the requirements regarding Subrecipients/Contractors and Pass-Through Entities as outlined in the Workforce Innovation and Opportunity Act (WIOA) Title I and 2 CFR 200.331.

POLICY:

LWDB agreements with other entities may be classified as either a Subrecipient or a Contractor (determination is made using the criteria set forth in 2 CFR 200.330). If the agreement meets the requirements of a subrecipient, the LWDB is a Pass-Through Entity. The information below is provided to assist with Subrecipient and Contractor determinations and the requirements of a Pass-Through Entity.

2 CFR 200.331 Requirements for pass-through entities

All Pass-Through Entities must:

A. Ensure that every subaward is clearly identified to the Subrecipient as a subaward and includes the following information at the time of the subaward, and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

1. Federal Award Identification

- (a) Subrecipient name (which must match the name associated with its unique entity identifier);
- (b) Subrecipient's unique entity identifier;
- (c) Federal Award Identification Number (FAIN);
- (d) Federal Award Date (see 2 CFR 200.39 Federal award date);
- (e) Subaward Period of Performance Start and End Date;
- (f) Amount of Federal Funds Obligated by this action;
- (g) Total Amount of Federal Funds Obligated to the subrecipient;
- (h) Total Amount of the Federal Award;
- (i) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
- (j) Name of Federal awarding agency, pass-through entity, and contact information for awarding official;
- (k) Catalog of Federal Domestic Assistance (CFDA) Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
- (l) Identification of whether the award is Research and Development;
- (m) Indirect cost rate for the Federal award (including if the de minimis rate is charged per 2 CFR 200.414 Indirect (F&A) costs).

2. All requirements imposed by the pass-through entity on the Subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.
 3. Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
 4. A requirement that the subrecipient permit the pass-through entity and auditors to have access to the Subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and
 5. Appropriate terms and conditions concerning closeout of the subaward.
- B. Evaluate each Subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this policy, which may include consideration of such factors as:
- (a) The subrecipient's prior experience with the same or similar subawards;
 - (b) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F-Audit Requirements, and the extent to which the same or similar subaward has been audited as a major program;
 - (c) Whether the subrecipient has new personnel or new or substantially changed systems;
 - (d) The extent and results of Federal awarding agency monitoring.
- C. Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in 2 CFR Part 200.207 - Specific conditions.
- D. Monitor the activities of the Subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:
1. Reviewing financial and performance reports required by the passthrough entity
 2. Following-up and ensuring that the Subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means
 3. Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by 2 CFR Part 200.521 - Management decision.

CHAPTER 25 – EQUIPMENT POLICY

INTRODUCTION:

This policy describes the requirements for the management and inventory of equipment and supplies. The Workforce Innovation and Opportunity Act (WIOA) requires each state, local workforce development board, subrecipient, and service provider receiving funds under the Workforce Innovation and Opportunity Act to comply with the Uniform Administrative Requirements.

POLICY:

The SAWDB and its Subrecipients are responsible for the safeguarding and management of equipment obtained using WIOA funds.

At a minimum, equipment records must be maintained and provide the following information:

- a) An item description
- b) The serial number or other identification number
- c) Source of the funding
- d) Acquisition date and cost
- e) Location and condition of the property
- f) And disposition information when applicable

At least every two years, SAWDB and Subrecipients must perform and document an inventory of all equipment purchased with WIOA funds. Inventory results must be reconciled with current records and discrepancies shall be investigated.

References:

- Workforce Innovation and Opportunity Act (WIOA)
- 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Rewards

CHAPTER 26 – Per Diem and Mileage Act

INTRODUCTION

The purpose of the Per Diem and Mileage Act [10-8-1 NMSA 1978] is to establish rates for reimbursement for travel for public officers and employees coming under the Per Diem and Mileage Act. The act is designed to be referred to where applicable in statutes setting compensation of public officers and employees.

EFFECTIVE

The effective date of this policy is July 1, 2021.

POLICY

The SAWDB and SCCOG will comply with the provisions of the State Statute and State Administrative Code for per diem and mileage. State law permits public officers or employees reimbursements in the performance of their duties. Section 10-8-4 NMSA 1978, “Per Diem and Mileage Rates; In Lieu of Payment”, shall be used for payment for attendance of meeting, both virtual physical.

References:

- Per Diem and Mileage Act [10-8-1 NMSA 1978]