

To: work2future Staff & Subrecipients
From: work2future Director
Effective Date: May 2020
SUBJECT: Financial Management Systems
Pages 1 - 2

OPERATIONAL DIRECTIVE

work2future Workforce Development Board
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Purpose:

This policy provides guidance on financial management systems under Workforce Innovation and Opportunity Act (WIOA) and the Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule (Uniform Guidance).

Scope:

The information in this policy applies to all subrecipients receiving WIOA funds.

Effective Date:

This policy is effective upon date of issue.

REFERENCES:

- Title 2 *Code of Federal Regulations* (CFR) Part 200 (Uniform Guidance) and 2900 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)
- 2 CFR 200.302, Financial Management
- WIOA (Public Law 113-128) Sections 184 (Fiscal controls; sanctions), 134(Use of funds for Adult and Dislocated Worker Employment and Training Activities), and 129 (Use of funds for Youth Workforce Investment Activities) WSD 16-16, Subject: Allowable Costs and Prior Written Approval
- Training and Employment Guidance Letter (TEGL) 15-14, *Implementation of the New Uniform Guidance Regulations* (December 19, 2014)
- WSD 16-16, Subject: Allowable Costs and Prior Written Approval
- Workforce Services Directive WSD 16-05, Subject: WIOA Closeout Requirements

BACKGROUND:

Local Workforce Development Agencies (LWDAs) are required to have a financial management system which will provide at least the minimum standards set forth in 2 CFR 200.302, Financial Management. The financial management system of work2future and its subrecipients shall provide federally required records and reports that are uniform in definition and that are accessible to authorized Federal, State, and work2future staff. The records and reports should also be verifiable for monitoring, reporting, audit, program management, and evaluation purposes (Section 185 (a)(1) and (2) of the Act).

work2future will include the review of the financial management system of any recipient/subrecipient as part of a pre-award review or at any time subsequent to award including but not limited to during monitoring.

POLICIES AND PROCEDURES:

The work2future and its subrecipients shall ensure that their financial systems as well as those of their lower tier subrecipients provide fiscal control and accounting procedures that are in accordance with applicable laws, regulations, policy and generally accepted accounting principles (GAAP). The financial systems shall include:

1. Information pertaining to subgrant and contract awards, obligations, unobligated balances, assets, liabilities, expenditures, and incomes;
2. Effective internal controls to safeguard assets and assure their proper uses;
3. A comparison of actual expenditures with budgeted amounts for each subgrant and contract;
4. Source documentation to support accounting records; and
5. Proper charging of costs and cost allocation.

The financial management system shall also be sufficient to:

1. Permit preparation of required reports;
2. Permit the tracing of funds to a level of expenditure adequate to establish that funds have not been used in violation of the applicable restrictions on the use of such funds;
3. Permit the tracing of program income, potential stand-in costs and other funds that are allowable except for funding limitations; and
4. Track expenditures by cost categories as Administrative or Program Costs as required by Section 185 (g) of the WIOA.

ACTION:

Bring this directive to the attention of all appropriate staff and subrecipients.

INQUIRIES:

If you require further information regarding this policy, please contact the work2future Finance Manager at (408) 794-1146.