EASTERN AREA WORKFORCE DEVELOPMENT BOARD

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EAWDB Financial Policy & Procedures

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EASTERN AREA
WORKFORCE DEVELOPMENT BOARD

FINANCIAL POLICY & PROCEDURES

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INTRODUCTION & BACKGROUND

The Eastern Area Workforce Development Board (EAWDB) formally assumed, effective July 01, 2015, the Administrative Entity responsibilities for the Workforce Innovation & Opportunity Act (WIOA) and assigned the Financial department responsibilities for accounting services.

The WIOA program requires the EAWDB to contract with a "Service Provider" that will coordinate all programmatic services in the Eastern Area through a One-Stop Center system. The Eastern Area is comprised of twelve counties including Chaves, Curry, De Baca, Eddy, Guadalupe, Harding, Lea, Lincoln, Otero, Quay, Roosevelt, and Union. The WIOA program requires one (1) Model Business and Career Center System to serve each area in the region.

Federal legislation/regulations, State legislation/regulations, as well as the NM State Plan and EAWDB local area plan, should be referenced to obtain additional information on program requirements.

The EAWDB complies with 2 CFR 200.302 Financial Management requirement. The criteria is further explained in Chapter 11 of this Manual. The EAWDB is responsible for developing “internal” policies and procedures under which the WIOA program will operate in the Eastern Area. EAWDB – financial and operating staff 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 EAWDB staff in documenting internal financial-related processes.

This manual is NOT intended to be a desk manual for employees but is designed to provide general policy and procedures.

ATTESTED
This Financial Policies & Procedures manual was approved through board resolution on September 19, 2023.

_____ _____
Board Chair Date

MANUAL MAINTENANCE

The EAWDB Financial department is charged with directing and controlling the financial affairs and financial affairs of the WIOA program in the Eastern Area. The Financial department 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 EAWDB 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 and duplicate federal or state laws, rules or regulations. As new policies are required, EAWDB staff will draft such policies for review. Revisions to current policies as well as new policies must be approved in writing by the EAWDB board, where there is a quorum, or by the Finance & Operations Committee then ratified at the next regularly scheduled EAWDB board meeting.

CHAPTER 1 – ORGANIZATIONAL STRUCTURE

INTRODUCTION

The EAWDB employs staff to administer EAWDB operations including the WIOA program in the Eastern Area. The program covers a twelve-county area: Chaves, Curry, De Baca, Eddy, Guadalupe, Harding, Lea, Lincoln, Otero, Quay, Roosevelt, and Union. The EAWDB service area has 45 incorporated communities and dozens of unincorporated villages and encompasses 44,000 square miles with a wide diversity of local business and infrastructure conditions.

POLICY

The Financial department is directly responsible for the financial operation of the WIOA program in the Eastern Area under the direction of the EAWDB Executive Director, the Eastern Area Workforce Development Board (EAWDB) and the Chief Elected Officials Board. The Financial department provides financial policy advice and guidance for the WIOA program.

The EAWDB Programs Manager is directly responsible for the programmatic operation of the WIOA program in the Eastern Area under the direction of the EAWDB. The EAWDB Executive Director along with the EAWDB Programs Manager and One Stop Operator must coordinate activities with the State Administrative Entity, Chief Elected Officials, Local and State Board, and other EAWDB staff.

An organizational chart has been prepared to document the organizational structure.

- Eastern Area Workforce Development Board - Chair

- Executive Director
    - Program Manager
        - ✓ Dislocated worker Coordinator
        - ✓ Program Monitor
    - ENMU-Ruidoso Contracted Adult/DW/Youth Services Provider
    - Financial Specialist
    - Administrative Media Coordinator
    - General Administrative

- One-Stop Operator

CHAPTER 2 – AUTHORIZED SIGNATURES

INTRODUCTION

The EAWDB Executive Director determines the level of authority granted to EAWDB staff responsible for the financial operations. 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; 2) budget adjustment requests; 3) cash requests; 4) disbursement/ payments; 5) custody of check stock; 6) journal vouchers; and 7) preparation and approval of reports. Each of the above areas may include several categories.

POLICY

Signature authority for the financial transactions/processes may only be granted by the EAWDB 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 and Chief Elected Officials.

Authorized Signatures:

Recommendation:	**Approval:**
Executive Director	EAWDB
Financial Department	

2. Budget Adjustment Requests (BAR)

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

Authorized Signatures:

Recommendation:	**Approval:**
Financial Department	EAWDB

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

Authorized Signatures:

Recommendation:
Financial Department

Approval:
Executive Director

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:
Financial Department

Approval:
Executive Director

Concurrence: EAWDB Board Chair

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:
Financial Specialist

Review/Approval:
Financial Department

Concurrence: Executive Director

5. Custody of Check Stock

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

Authorized Signatures:
Request check stock:
Financial Specialist

Custody of Check Stock:
Admin Media Coord.

Concurrence: Financial Department

6. Check Signatures

After payment vouchers have been entered into the accounting system by the Financial Specialist and approved by the Financial Department the AP check batch will be processed to produce the actual checks.

All checks will require two signatures. The electronic signature is the EAWDB Board Chair. The physical signature will be the Executive Director or other designated signer.

Authorized Signatures:

Check Preparer:
Financial Specialist

Check Signer:
EAWDB Board Chair
And
Executive Director or
Program Manager

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:
Financial Specialist
Financial Department

Review/Approval:
Executive Director
Financial Department (if not preparer)

8. Financial Reports

Financial reports are submitted on a monthly, quarterly, and annual basis to the NM DWS and to the EAWDB and CEOs. All financial reports will be prepared at the earliest possible date to allow time for review and approval.

Authorized Signatures:

Preparer:
Financial Department

Approval:
Executive Director

Review: EAWDB Finance & Operations Committee

9. Procurements/Purchasing

All procurements will be processed in accordance with the State and EAWDB Procurement Policy. EAWDB staff authorized to review and approve purchase orders are as follows:

Authorized Signatures:

Preparer:
Procurement Officer
Admin Media Coordinator

Approval:
Financial Department

Review: Financial Specialist

10. Time Sheets/Requests for Leave

Employees will submit time sheets in accordance with EAWDB policy. The employee's timesheet will be signed and approved by the employee's supervisor.

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

Preparer:
Employee

Approval:
Employee's Supervisor
Financial Department

CHAPTER 3 – INTERNAL CONTROLS

INTRODUCTION

Adequate internal control is a key defense against fraud, waste and program abuse. In addition to the monetary loss, the additional loss is that of credibility in the eyes of the public. As custodians of public funds, it is the EAWDB's responsibility to set in place processes and procedures that ensure the safeguarding of public funds. The development and implementation 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, EAWDB 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 are designed 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 Eastern Area will receive from the New Mexico Department of Workforce Solutions ("NM DWS") 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 EAWDB 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/ Financial Year funding exclusive of any prior year unobligated balances. This process should be initiated upon receipt of the funding allocations from the State with presentation to the Board at the earliest available opportunity. The Letters of Authorization should be issued to the service providers/ contractors by July 1 each year. The final contract/contract extension should be finalized no later than August 1 of eachyear.

PROCEDURES

The Executive Director or Financial Department 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, 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 Executive Director or his/her designee and Financial Department will initiate a " draft" budget format for discussion purposes and will make available detailed information on each budgeted line item. After internal discussions, a recommendation will be finalized for presentation to the full CEO and EAWDB Boards for approval.

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

BUDGET ADJUSTMENTS

On occasion the EAWDB may be advised by the NM DWS that additional funding may be requested or has been issued. Likewise, the EAWDB may request a transfer of funds from one funding stream to another (Adult/Dislocated Worker) 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 Financial Department 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 EAWDB approval. A BAR moving funds within a funding stream up to $25,000 may be approved by the EAWDB Chairman.

BUDGET PRESENTATION FORMATS

To ensure consistency in application and interpretation, only the approved Budget Format will be utilized for presentation to the EAWDB 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 **MM/DD/YYYY.”**

DISTRIBUTION

Discussion and final budgets will not be distributed outside the EAWDB 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 EAWDB will maintain a separate depository account that will be utilized exclusively for 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 Financial agent bank, reconciling the bank account, and preparing and posting accounting entries relating to cash requests and cash receipts.

PROCEDURE

1. EAWDB Requests

On an as needed basis the Financial Department will analyze the general ledger cash account, 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, EAWDB staff will prepare a Cash Request, documenting the requested funds by funding stream: Adult, Dislocated Worker, Youth In-School, Youth Out-of-School, and Administration. The Executive Director will review the Cash Request.

The Financial Department will sign the Cash Request. The request will be submitted via email to the NMDWS. Based on NMDWS procedures, funds will be deposited to the bank account within approximately 5-7 days from receipt of the request.

The Financial Specialist will prepare the revenue/receivable in the Accounts Receivable in the accounting software. The Financial Department will then approve and post the transaction. Upon actual deposit of the funds in the bank, the Financial Specialist will enter a transaction into the accounting system reversing the accounts receivable and recording the cash. The Financial Department will then approve the entry and post it to the accounting system.

2. EAWDB Service Provider(s) and One-Stop Operator

On a monthly basis, the EAWDB service provider(s) and One-Stop operator, will submit an invoice documenting the expenditure of funds by funding stream (Adult, Dislocated Worker, Youth In-School, Youth Out-of-School 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 Financial Department.

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

If problems or concerns surface in the overall area of cash management, the Financial Department will present the issue to the Executive Director and the EAWDB Board Chair.

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 Title I Adult/DW/Youth contracted service provider ("Title I CSP") staff based on established guidelines for the WIOA program. Participant files and all required participant documents are the responsibility of the Title I CSP and will be maintained at their locations and/or virtually. In addition, copies of supporting documents will be uploaded in the applicable participant electronic file within the NM WCOS.

Payments made directly to a participant by the Financial Specialist are for supportive services, which may include transportation, child care, temporary shelter, etc. Upon approval of supportive services, the Title I CSP must submit to the Financial Specialist a Supportive Services Request and Approval for Payment, 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 Supportive Services Request and Approval for Payment are received.

Supportive Services Request and Approval for Payment forms will be given to the Financial Specialist who is authorized and responsible for creating new participant vendors in the accounting system, after verifying they are a legitimate vendor in VOSS. Once a vendor file has been created for a participant, the Financial Specialist can then proceed with entering and processing payments per the established schedule.

VENDORS – New vendors may have to be established in the MIP system in order to process payments. If the vendor is an individual, the social security number will be required prior to being set up as a vendor. If the vendor is not an individual, a completed W-9 form will be required prior to being set up as a vendor. As required, the Financial Specialist will review approved purchase orders. A report of new vendors will be obtained on a regular basis from the MIP system and reviewed by the Financial Department. After the new vendor files have been created, the Financial Specialist can proceed with entering and processing payments based on original invoices.

ADDRESS AND NAME CHANGES - address and name changes will be processed by the Financial Specialist.

DELEGATION – in the absence of the Financial Specialist 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 separation of duties.

POLICY

The EAWDB 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 Administrative Specialist will serve as the check stock custodian and will ensure blank check stock is maintained in a secure area with access limit ed to authorized 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 Financial Specialist 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 and the Financial Specialist. The Financial Department will, on a consistent and regular basis, review the check log against actual check stock and processed payments in the MIP system.

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 Financial Specialist. Upon determination that a check should be voided the Financial Specialist will immediately stamp "VOID" across the front of the check, if the check is still in the possession of the EAWDB. The voided check will be entered on 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 three (3) years after the external audit has been completed.

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 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. Every payment must be supported by an original invoice or notarized Financial Claim for Payment (FCP). 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 an appropriate supportive service request that will identify the type of payment, amount and/or rate(s) of payment and is signed by the participant and Title I CSP. Attendance related support e.g. transportation or childcare will require a Time and Attendance Report for actual dates of attendance.

Each Time and Attendance Report will be reviewed and approved by the Financial Specialist to ensure compliance with the stipulations in the Supportive Service Request and Approval for payment. Once approved the Financial Specialist will enter the payments into the accounting system. Payment batches will be submitted to the Financial Department for review and approval through the Unposted GL Transaction Report. After approval the payment batch will be returned to the Financial Specialist for check processing.

Tuition and Related Payments – Tuition, books and allowable expenses provided through an Individual Training Account (ITA) must be processed through the submittal of a notarized Financial Claim for Payment (FCP). The notarized FCP must contain an itemization of the costs to be covered, including tuition, registration fees, books, supplies, and/or other allowable items. The FCP must be signed and notarized by the training provider and if books, supplies, or other items are claimed, evidence of receipt is required.

The training institutions are to submit FCPs directly to Title I CSP staff. Once the FCP has been reviewed for accuracy by Title I CSP staff it will be submitted to EAWDB fiscal staff with an approval to pay. The Financial Specialist will review the FCPs and reconcile to the ITA contract on file. Once approved the Financial Specialist will enter the payments into the participant's electronic voucher and then into the accounting system. Payment batches will be submitted to the Financial Department for review and approval through the Unposted GL Transaction Report. After approval the payment batch will be returned to the Financial Specialist for check processing.

On-the-Job Training Contracts – An On-the-Job Training (OJT) contract must be finalized between the Title I CSP and the employer and will identify, at a minimum, the name of participant(s), occupation and wages to be paid. The OJT contract will be forwarded to EAWDB program staff for review, approval, and assignment of contract number. OJT progress reports are submitted by the employer on a monthly basis for review and approval by the Title I CSP. OJT progress reports must be signed by the participant, the employer, and the Title I CSP. A signed OJT progress report is submitted with an approval to pay by the Title I CSP staff to the Financial Specialist for payment. The Financial Specialist will review the progress report to ensure compliance with the terms of the OJT contract and enter the payments into the accounting system. Payment batches will be submitted to the Financial Department for review and approval through the Unposted GL Transaction Report. After approval the payment batch will be returned to the Financial Specialist for check processing

Goods and Services – Purchase Orders (PO) will be generated for all WIOA program purchases, prior to the purchase, with the following exceptions:

- No PO is required if the amount is less than $75.00 and the payment is to an employee.
- The PO may be generated after the purchase if the amount is less than $150.00, is payable to an employee and the employee's supervisor approves the purchase prior to the purchase.
- The PO may be generated after the purchase if the amount is less than $250.00, is payable to an employee, and the employee's supervisor and the Financial Department both approve the purchase prior to the purchase.
- An emergency purchase does not require a PO be issued prior to the purchase, but the employee must have prior approval from their supervisor and the Financial Department, then the employee has five (5) business days after the date of the purchase to have the PO issued.

All payments to non-employee vendors, except program participants, must have a PO. The Administrative Specialist is responsible for issuing a PO. After a purchase has been made, the Financial Specialist will mark the related PO complete and issue the invoice to be paid. Invoices are then forwarded to the Financial Specialist for processing. The Financial Specialist will enter the payments into the accounting system. Payment batches will be submitted to the Financial Department for review and approval through the Unposted GL Transaction Report. After approval the payment batch will be returned to the Financial Specialist for check processing.

Service Provider Reimbursements – in accordance with the approved contract, contracted service providers will submit an invoice to request reimbursement of valid expenditures. The invoice and any required supporting documentation will be submitted directly to the Financial Department. The Financial Specialist will audit the invoice and verify that the expenditures are in accordance with the approved contract. After the invoice has been audited the Financial Specialist will enter the payments into the accounting system. Payment batches will be submitted to the Financial Department for review and approval through the Unposted GL Transaction Report. After approval the payment batch will be returned to the Financial Specialist for check processing.

EAWDB will conduct a review of the subrecipient at least annually.

CHAPTER 9 – BANK RECONCILIATION

INTRODUCTION

Timely reconciliation of a bank account will allow staff to detect errors in posting in the general ledger or a posting error 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. Therefore, the reconciliation will be completed by the Financial Department 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 EAWDB will utilize the accounting system Bank Reconciliation module and will follow the software instructions to complete the reconciliation on a monthly basis.

Typical Steps

1. In MIP go to Activities > Reconcile Cash Accts > select account > enter date > "New"
2. Record the bank statement balance where indicated
3. Select the Checks/Vouchers tab and check the box for all cleared items; "Update"
4. Select the Deposits tab and check the box for all cleared deposits; "Update"
5. Select the Other Cash Items tab and enter any items; "Update"
6. Select the Suspense Items tab and enter any items; "Update"
7. Compare the Reconciled Bank Balance to the Balance Per Books; "Save"
8. If there is an Unreconciled Difference a full explanation must be documented on the reconciliation report.
9. The Financial Department must sign and date the reconciliation and forward to the Executive Director.
10. The Executive Director will review, then 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 EAWDB Financial Department 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 Numbering Series

Invoices

Supportive Service payments –	Document No.	SID Trans 2/29-3/13/20
	Transaction Descr.	Transportation 02/29-03/13/20

Supportive Service payments are also for books, exam fees, uniforms, temporary housing, etc. Use the appropriate description; i.e. if the payment is for books, the Document No. for this example would be SID Books 03/13/20 and the Transaction Descr. would be Books 03/13/20

ITA payments -	Document No.	SID FCP Spring 2020
	Transaction Descr.	Last Name, First Name FCP Spring 2020

OJT payments -	Document No.	SID OJT Mar 2020
	Transaction Descr.	Last Name, First Name OJT March 2020

Sessions

Accounts Payable Invoices – API Session	API 060520-01 = API MMDDYY-01,02,03…
Accounts Payable Checks – APS Session	APS 060520-01 = APS MMDDYY-01,02,03…
Cash Receipts/Deposits – CR Session	CR 060520-01 = CR MMDDYY-01,02,03…
Special instructions for Cash Requests	CR #56-PY19 = CR #ofCashRequest-ProgYY

Use Session ID for Session Descr., Receipt, Receipt Descr., and Deposit No.,

Journal Voucher – JV Session Adjustments/Corrections	JV 060520-01 = JV MMDDYY-01,02,03…
Cash Disbursement – CD Session	CD 060520-01 = CD MMDDYY-01,02,03…
Accounts Receivable –AR Session	AR 060520-01 = AR MMDDYY-01,02,03…
Voided Checks – VC Session	VC 060520-01 - VC MMDDYY-01,02,03…

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

CHAPTER 11 – ADMINISTRATIVE/FINANCIAL CONTROLS/FINANCIAL MANAGEMENT

INTRODUCTION

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

POLICY

The EAWDB, including Chief Elected Officials, Local Board members, Administrative Entity/Financial 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 EAWDB Administrative Entity and Financial 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 EAWDB 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 EAWDB 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 EAWDB will ensure the requirements within 29 CFR 667.210 Subpart B are complied with by the administrative entity, Financial agent, and service providers or other sub-recipients.

PROCEDURES

The administrative entity will ensure all sub-grants and/or contracts written within the Eastern 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;

If staff perform both administrative and program functions an allocation of the personnel and non-personnel costs must be determined based on the benefit received by each function / category. The determination may be based on actual time worked or other equitable cost allocation methods. Functional areas that contain both administration and program costs must be analyzed and the portion

directly attributable to program costs must be charged to program and the portion directly attributable to administrative cost should be charged to administration. The functions that typically contain both categories are:

- Overhead or an indirect cost pool; and
- Continuous improvement activities

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

- Information systems, including the purchase, development, and operation for the following activities:
  - Tracking or monitoring participant and performanceinformation;
  - Employment statistics, including job listing, job skill and demand occupation information;
  - Performance and program cost information on eligible providers;
  - Local area performance information; and
  - Information relating to supportive services and unemployment insurance claims.

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 EAWDB will comply with all established reporting requirements as set forth by the SAE. 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 Financial Management Bureau 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 NM DWS has distributed the required Monthly Financial Status Report (MFSR) that local areas must complete and submit to NM DWS by the 20th of the following month.

All financial transactions for a particular month will be entered and posted in MIP by the 15th of the following month. The Financial Department will prepare the MSFR. 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.

On completion of the MFSR, the Financial Department will forward the required report and copies of the MIP supplemental documents to the Executive Director for review and approval.

The final approved MFSRs will be emailed to the NM DWS.

A permanent file will be maintained by the EAWDB fiscal staff that will include each MFSR and supporting documentation.

CHAPTER 14 – COST PRINCIPLES

INTRODUCTION

OMB Uniform Guidance established 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 EAWDB will ensure the WIOA program complies with the principlesset forth in OMB Uniform Guidance.

PROCEDURES

Listed below are general topics presented in OMB Uniform Guidance. 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 in Uniform Guidance 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 responsibilities
  - Does not deviate from established practices of the government which unjustifiably increases the costs to the federal grant

- **Allocable**
  - Costs of goods/services are chargeable/assignable in accordance with relative benefits received
  - Activities which benefit from the government's indirect cost receive an allocation of the indirect cost
  - Costs under a grant may not be charged to another grant in order to avoid fund deficiencies
  - A cost allocation plan will be prepared for an accumulation of indirect costs

- **Applicable Credits**
  - Discounts, rebates, recoveries or overpayments will be credited to the federal grants as they relate to allowable costs, either direct or indirect.
  - 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 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 Eastern Area Cost Allocation Plan will include all Eastern service costs that will be claimed under Federal awards and will be documented as required by 0MB Uniform Guidance**.**

Applicable definitions as listed in the circular are as follows:

Allocated services - 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.

PROCEDURE

A plan will be prepared or updated each year in which it claims service costs, if any, under Federal awards.

If the Local Government has been designated as a "major local government" by OMB, then the plan must be submitted to the cognizant 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.

Negotiation and Approval of Eastern Service Plans

OMB Uniform Guidance states once an agreement has been reached between the cognizant 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.

EAWDB currently has no indirect costs. If additional funding sources result in indirect costs a plan will be developed in accordance with applicable Federal and State regulations.

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 an Adult or Dislocated Worker to purchase training services from eligible training providers in consultation with a Title I CSP employee.

The EAWDB Programs Manager, in coordination with the State Administrative Entity is 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, and individual service strategies.

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

POLICY

The EAWDB will comply with the provisions of the State policy on Individual Training Accounts. The ITA training contract and cost sharing documents will be prepared by the Title I CSP staff. 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 for the participant, this amount should be reflected on the ITA. A copy of the approved ITA will be forwarded to the EAWDB Financial Specialist for recording and encumbrance.

PROCEDURE

A copy of the completed and approved ITA will be uploaded by the Title I CSP staff to the participants' e-file.

Periodically, the training institution will submit an invoice directly to the Title I CSP staff responsible for the development of the ITA. The staff will review the original FCP detail to ensure the billing only includes items and amounts agreed to on the contract. The Title I CSP staff will then upload the original FCP and supporting documents to the NM WCOS electronic file. The amounts included on the FCP will be audited and compared to the ITA contract. The EAWDB fiscal staff will ensure invoiced amounts do not exceed allowable costs by category as listed on the ITA voucher. After the FCP has been reviewed for completeness and accuracy it will be processed for payment.

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, at the rate determined by the current EAWDB policy, reimbursement of a portion of the current 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 EAWDB will comply with the provisions of the State policy on OJT contracts. The EAWDB Programs Manager in alignment with the State Administrative Entity policy is responsible for the development of a detailed local area programmatic policy on OJT services in accordance with WIOA.

The Title I CSP staff will be responsible for preparing all required OJT documents, including the Job Description and Training Schedule, Contract Signature Sheet, Contractor Information Sheet, Contract Modification Sheet if any, Monthly Progress Report/Invoice and Timesheet.

An OJT contract may be written with an employer in the public, nonprofit, or private sector. Occupational training is provided by the employer to the participant in exchange for reimbursement of a portion of the wage rate to compensate for the employer's associated costs. Employers are required to carry their own worker's compensation policy and must provide proof of current policy prior to entering into an OJT contract.

The OJT contract detail will be recorded and assigned a contract number by EAWDB program staff in order to encumber the funds for the contract.

OJT progress reports are submitted by the employer on a monthly basis for review and approval by the Title I CSP. OJT progress reports must be signed by the participant, the employer, and the Title I CSP. A signed OJT progress report is submitted with an approval to pay by the Title I CSP staff to the Financial Specialist for payment. The Financial Specialist will review the progress report to ensure compliance with the terms of the OJT contract then process for payment.

At year end (June} the EAWDB fiscal staff 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.

CHAPTER 19 – SUPPORTIVE SERVICES

INTRODUCTION

Services that are necessary to enable an individual to participate in activities authorized under WIOA. Such services include but are not limited to transportation, childcare, 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

The EAWDB program will comply with the provisions of existing State policy on Supportive Services. The EAWDB Program Manager in alignment with SAE policies is 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 Title I CSP 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 Title I CSP staff is also responsible for determining and documenting "need" for each individual as well as completing and approving the Supportive Service Request and Approval Form.

PROCEDURE

The Title I CSP staff is responsible for upload of a completed and approved Supportive Services Request and Approval for each participant. The document must list the specific services approved and related amount(s).

For transportation and childcare reimbursement, the participant is required to submit a Time and Attendance Report to the Title I CSP staff on a regular basis. The Title I CSP staff will submit any approved Time and Attendance Reports to the EAWDB fiscal staff 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 and must be signed by the participant, the instructor, and the Title I CSP staff. The EAWDB fiscal staff will verify and process for payment based on the number of days attended and that the payment doesn't exceed the total contract or voucher amount. Payments will be made to the individual participant or if for medical care, health care or other services to the vendor/service provider. Participant checks will be distributed to the participant by the Title I CSP 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 EAWDB will comply with the provisions of the state law and State Administrative Entity policy on Workers' Compensation coverage. State law requires all employers of three or more employees to have a workers' compensation insurance policy.

State law also requires the imposition of a Workers' 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.

The Financial Department will ensure the payroll system is programmed to assess the Workers' Compensation assessment fee quarterly. The amount assessed against the employer in accordance with state statute. The amounts will be remitted to the state by the established due dates.

The EAWDB staff will maintain all files related to Workers' Compensation for audit purposes.

All subrecipients or contractors must have a workers' compensation policy. All employers of participants must have a workers' compensation policy to cover the participant.

CHAPTER 21 – AUDIT REQUIREMENTS & AUDIT APPEALS

INTRODUCTION

Applicable federal laws set forth standards for obtaining consistency and uniformity among Federal agencies for the audit of States, local governments, and non-profit organizations that have received and will expend Federal awards. These provisions apply whether funds are received directly from the Federal government or are subrecipients receiving Federal funds through a pass-through entity.

POLICY

The EAWDB will comply with the requirements of all applicable federal laws and will ensure all subrecipients utilizing Federal funds are required contractually to 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, or other authorized officials.

An entity may be a recipient, a subrecipient or vendor. Federal funds awarded to a recipient or subrecipient are subject to audit under federal law. Vendors receiving payment for the purchase of goods/services do not receive a federal award/grant and would not be subject to audit.

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. Sanctions may include:

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

PROCEDURE

The EAWDB 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.

Upon receipt of the draft audit report the EAWDB staff will review and respond in writing to all findings to be included in the final report. After the receipt of the final audit report the EAWDB staff 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.

SCOPE

The scope of an audit is not limited simply to the expenditure of funds. The federal grant funds procurement contract may be selected as a transaction for testing in an audit of a government entity, an education institution, or a nonprofit organization. In addition to testing to ensure that payment was made for deliverables provided, the transaction may also be selected for internal control and compliance testing.

CHAPTER 22 – PURCHASING/PROCUREMENT/CONTRACTS/RFP/COMPETITION

INTRODUCTION

EAWDB 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 EAWDB is purchasing capital equipment – those over $5,000 – 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 EAWDB's procurement system including State approved venders and State contracted pricing when possible.

Micro purchases of $10,000 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

The EAWDB will prepare all Contracts and RFP's for contractors and 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 EAWDB 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 EAWDB, 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

EAWDB 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 23 – 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 24 – 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 EAWDB 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, EAWDB 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