



IMPERIAL COUNTY WORKFORCE DEVELOPMENT BOARD

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POLICY	ORIGINAL DATE	LAST REVISION
Internal Controls and Financial Management Policy	FISCAL YEAR 2021-2022	June 22, 2022

POLICY OVERVIEW:

The purpose of this policy is to provide guidance and establishes procedures to be used by the Imperial County Workforce Development Board, the Imperial County Workforce an Economic Development office (ICWED), service providers, and sub recipients regarding maintaining effective internal controls and financial management system in managing federal awards, including Workforce Innovation and Opportunity Act (WIOA) funds, in compliance with Federal statutes, regulations, and terms and conditions of these Federal awards.

REFERENCES:

- WIOA (Public Law 113-128) Sections 184(a)(3), 184(a)(5), 194(7)(B) and 194(13)(A-C)
- Title 2 Code of Federal Regulations (CFR) Part 200: "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance), Sections 200.80, 200.307, 200.327, and 200.333
- Title 2 CFR Part 2900: "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Department of Labor [DOL] Exceptions)
- Title 2 CFR Part 200 Subpart D - Post Federal Award Requirements- 200.302 Financial Management and 200.303 - Internal Controls
- Title 20 CFR 683.220 What are the internal control requirement for recipients and subrecipients of WIOA Title I and Wagner-Peyser Act Funds
- Workforce Services Directive WSD 15-25 WIOA Program Income

BACKGROUND:

According to 20 CFR §679.430, any organization that has been selected or otherwise designated to perform more than one principal function within a local workforce investment system must develop a written agreement with the Local Workforce Development Board and Chief Elected Official(s) to clarify how the organization will carry out its responsibilities while demonstrating compliance with Workforce Innovation and Opportunity Act (WIOA) and corresponding regulations, relevant Office of Management and Budget (OMB) circulars, and the State's conflict of interest policy. Recipients of Federal funding, including WIOA, must comply with the financial management requirements provided by the Department of Labor (DOL) and the Employment Development Department (EDD). Internal control requirements are codified in 2 CFR 200.303-Internal Controls.

POLICY AND PROCEDURES:

ICWED provides oversight to all local WIOA Title I-B grant subrecipients, including the activities of all Adult, Dislocated Worker and Youth programs. ICWED's internal controls and financial management, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. All documentation must be sufficient in order to track funds to establish that such funds have been adequately used according to the Federal statutes, regulations and the terms and conditions of the Federal award.

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Internal Control

This policy puts procedures in place in order for ICWED to protect their Federal award assets. ICWED's internal control policy includes the following:

- Upholding the fiduciary responsibility of its governing board.
- Adhering to their policies and procedures written in accordance with applicable laws and regulations.
- Maintaining a financial management system as prescribed by regulations.
- Implementing segregation of duties in the fiscal operations and adhere to established levels of approval authority.
- Establishing a monitoring system for oversight of sub awards.
- Adhering to the procurement policy that is established in accordance with regulations. Always practice an open, fair, and competitive procurement process.
- Ensuring that contracts are reviewed and implemented according to the deliverables and in consideration of risk reduction.
- Conducting a periodic review of access rights to the accounting system as a form of internal control.

Financial Management

ICWED's financial management procedures provide the following:

- Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable,
 - The Catalog of Federal Domestic Assistance (CFDA) title and number
 - Federal award identification number and year
 - Name of the Federal agency
 - Name of the pass-through entity, if any
- Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in 2 CFR 200.328 - Financial Reporting and 2 CFR 200.329 - Monitoring and Reporting Program Performance.

If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. The recipient must develop accrual data for its reports on the basis of an analysis of the documentation on hand.

- Similarly, ICWED will not require a subrecipient to establish an accrual accounting system and must allow the subrecipient to develop accrual data for its reports on the basis of an analysis of the documentation on hand.
- Records that adequately identify the source and application of funds for Federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, revenue, program income, interest, leveraging and required match and be supported by source documentation.
- Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See 2 CFR 200.303 - Internal controls.

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- Comparison of expenditures with budget amounts for each Federal award.
- Written procedures for determining the allowability of costs in accordance with 2 CFR Subpart E - Cost Principle, and the terms and conditions of the Federal award. *See Allowable Costs and Prior Written Approval Policy*

ICWED's accounting system follows current Generally Accepted Accounting Principles (GAAP) as provided by the Federal Accounting Standards Board (FASB) and/or the Governmental Accounting Standards Board (GASB) and demonstrates compliance with applicable legal and contractual requirements.

OVERSIGHT AND MONITORING:

ICWED must monitor its sub-recipients and contractors to ensure compliance with applicable Federal statutes, regulations, and terms and conditions of Federally awarded contracts. Audits are required in accordance with 2 CFR 200 Subpart F, Audit Requirements. ICWED has developed monitoring tools and schedules that are reviewed regularly to ensure the quality and timeliness of the monitoring reviews. Monitoring shall take place by means of on-site visits and shall be performance at a minimum of once a year. ICWED oversight and monitoring staff adhere to the following guidelines:

- A. **Effective Internal Controls:** ICWED Monitoring and Oversight Plan will provide reasonable assurance that all local grant subrecipients are managing federal awards in compliance with Federal statutes (including the WIOA law), regulations, and the terms and conditions of the award.
- B. **Regular Monitoring Reviews:** The ICWED Monitoring and Oversight Plan will specify a schedule of regular reviews to evaluate and monitor all local grant subrecipients for compliance with Federal statutes (including the WIOA law), regulations, and the terms and conditions of the award. Monitoring reports detailing the results of each review will be sent to the program manager or career center manager.
- C. **Monitoring Findings:** ICWED staff will require that local grant subrecipients take prompt action to correct any monitoring findings, including any instances of noncompliance with Federal statutes (WIOA law), regulations, and the terms and conditions of the award, as well as any audit findings.
- D. **Board Oversight:** ICWED monitoring staff reports the results of monitoring reviews to the Standing Committee(s) of the Board that is/are charged with oversight of the programmatic or financial area being monitored.
- E. **Safeguarding PII:** ICWED will monitor local grant subrecipients' handling of Personally Identifiable Information (PII) to safeguard both PII and other information that USDOL or NYSDOL designate as sensitive, consistent with applicable Federal, state and local laws and policies (including TEGL 39-11 and New York State Workforce Development System TA 18-5) regarding privacy and obligations of confidentiality.

ACTION:

Please bring this policy to the attention of the ICWDB, AJCC system staff and appropriate WIOA funded service providers and sub-recipients. This policy is effective immediately. All submitted forms are live documents and subject to change according to local, State, and Federal needs. Once the forms and exhibits pertaining to this policy are approved by the ICWDB, they will not require board

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approval if other changes occur, unless the change affects protocols. Should you have any questions, please feel free to contact ICWDB staff at (442) 265-4974, (442) 265-4959, (442) 265- 4955 or the Program and Compliance Manager at (442) 265-4963.

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