



**Workforce Innovation and
Opportunity Act Policy
Employment System Administration and Policy**

Washington envisions a nationally recognized fully integrated One-Stop system with enhanced customer access to program services, improved long-term employment outcomes for job seekers and consistent, high quality services to business customers. In order to achieve this vision, Employment System Administration and Policy sets a common direction and standards for Washington's WorkSource system through the development of WorkSource system policies, information memoranda, and technical assistance.

Policy Number: 5200
To: Washington WorkSource System
Effective Date: July 1, 2015
Subject: Fiscal Definitions

1. Purpose:

This policy provides the definition of fiscal terms as defined by Federal and State regulations that will apply to Workforce Innovation and Opportunity Act (WIOA) programs and activities.

2. Background:

The Office of Management and Budget (OMB) published new requirements for federal award programs entitled Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (also known as the Super Circular) codified at 2 CFR 200. The guidance supersedes and consolidates the requirements from OMB Circulars A-21, A-87, A-110, A-122, A-89, A-102, A-133, and A-50.

3. Policy:

See Definitions.

4. Definitions:

Accrual Basis - The basis of accounting whereby revenues are recognized when earned and measurable regardless of when collected; and expenses are recorded on a matching

basis when incurred, without regard to the date of receipt or disbursement.

Accrued Expenditures - Expenditure charges made by a non-Federal entity to a project or program for which a Federal award was received but which have not been paid. Expense is recognized when incurred. Example: An order for goods has been placed, but the invoice has not been paid. Accrued expenditures are expected to be paid in a subsequent accounting period.

Administrative Cost Pool - Administrative funds from all WIOA sources contained in a single grant or "pool." Such funds lose identity with regard to the original fund source.

Allowable Prepaid Expense - Disbursement made for benefits not yet received, such as:

- A two-year insurance premium should be accounted for as a prepaid asset and it becomes expensed over the life of the policy;
- Non-refundable, pre-paid tuition would be a current expense;
- A year's paid tuition would be a current expense for the non-refundable portion. The remainder would be expensed over the year, as it becomes non-refundable; and
- Payment for equipment that has been shipped and to which title has passed to the buyer is considered an expense. Governmental accounting does not usually use depreciation as a method of spreading costs over the useful life of the equipment. Magazine subscriptions are expensed when paid. This is an immaterial item and would not be in the prepaid category.

Cognizant Agency - The federal/state agency that contributes the largest share of federal funds to the auditee.

Contract/Agreement - A legal instrument by which the fiscal agent, service provider, or subrecipient is committed to pay for goods, property, or services needed to accomplish the purposes of the contract/agreement.

Contractor (Previously Vendor) - An entity responsible for providing generally required goods or services related to the administrative support of the Federal award. These goods or services may be for the recipient's or subrecipient's own use or for the use of participants in the program. Distinguishing characteristics of a contractor include:

- Providing the goods and services within normal business operations;
- Providing similar goods or services to many different purchasers;
- Operating in a competitive environment; and
- Program compliance requirements do not pertain to the goods or services provided.

Credit - Return of a previously recorded disbursement in which an over-payment occurred.

Direct Credit - Costs that can be specifically identified with particular projects, activities, or objectives. Detailed definitions of direct cost are found in applicable "cost principles."

Disbursements - Payment made by cash, check, journal voucher or other technological/electronic payment methods.

Expenditures - The cost of goods delivered or services rendered, whether paid or unpaid, where accounts are kept on an accrual or modified accrual basis.

External Audit - Audits conducted by auditors who are independent, both in fact and in appearance, from the organization being audited.

Fiscal Agent - The grant recipient, or other entity identified by the grant recipient, that receives WIOA funds for a Local Workforce Development Board (LWDB) directly from the State.

Indirect Cost - Allowable costs incurred for a common or joint purpose that cannot be readily identified with a particular cost objective; therefore, some method of allocation must be used to distribute the indirect costs to various direct activities that benefited. Indirect cost must be distributed equitably and consistently. The costs incurred for the mutual benefit of several fund sources, objectives, activities, or projects, and not specifically identifiable with a singular end product or service. Subrecipients will have an indirect cost rate that is approved annually. An example of indirect cost items would be Executive, Administrative, Fiscal and Personnel Staff, square footage of space occupied by indirect staff, supplies used by indirect staff and communications devices used by indirect staff. A position that is identified as being included in the approved indirect cost plan should not have direct charges to a grant. Your cognizant agency is responsible to approve your indirect cost rate plan annually.

Interest Earned - Earnings on federal cash advances that are deposited in interest-bearing accounts. Interest earned must be reported to the State.

Internal Audits - A function within an organization for the review of financial operations as a service to management.

Journal Voucher - For purposes of this policy, a document provided for recording the transfer of funds between state agencies, between funds and/or accounts, and to record accruals and other adjustments to account balances.

Minimum Cash Balance - The cash on hand to meet immediate cash needs.

Obligation - The amount of orders placed, contracts, and subawards made, goods and services received, and similar transactions and items specified on an obligation record during a funding period that will require payment during the same or future period. Examples of this are contract and subrecipient agreements and purchase orders.

Pass-Through Entity - A non-Federal entity that provides a subaward to a subrecipient to

carry out part of a Federal program.

Program Income - Earning realized from grant-supported activities. Such earnings include interest income and may include, but will not be limited to, income from service and conference fees, commodity sales and rental fees.

Program income will also include earnings that are in excess of costs and realized by public agencies or private non-profit organizations from contracts that are reimbursable awards. Program income will be used to pay for allowable WIOA activities.

Service Provider - An organization, entity, or individual under contract, whether sole source or competitively bid, to provide WIOA administrative or program services.

Settlement of Grants or Contracts - The process by which the state grantee obtains a final accounting of the grant or contract.

Stand-In Costs - Costs that can be substituted for otherwise unallowable costs charged to WIOA. The requirements to be considered as potential "stand-in" costs are as follows:

- Must be allowable WIOA costs that were actually incurred but not charged to the WIOA program because of funding limitations, local division, or any other reasons.
- Must have been reported as uncharged WIOA program costs and accounted for in the grantee/contractors financial system.
- Must be adequately documented in the same manner as all other WIOA program costs.
- Must be from the same WIOA Title cost category and funding period as those costs which were unallowed/disallowed.

State Subrecipient - Any person, organization, or other entity, other than a LWDB fiscal agent, receiving WIOA funds directly from the Governor.

Subrecipient - An entity that receives federal assistance passed through from a prime recipient or another subrecipients to carry out or administer a WIOA program. Distinguishing characteristics of a subrecipient include:

- Determining eligibility for assistance;
- Performance measured against meeting the objectives of the program;
- Responsibility for programmatic decision making;
- Responsibility for applicable program compliance requirements;
- Use of the funds passed through to carry out a program of the sub-entity as

compared to providing goods or services for a program of the prime recipient.

Unliquidated Obligations - The difference between the original obligations and the reported expenditures.

Warrant - The payment instrument for each invoice voucher submitted for payment.

5. References:

All fiscal policies and guidance letters published for WIOA are governed, as appropriate, under:

- [Public Law 113-128](#)
- [2 CFR Part 200 Subpart A-Acronyms and Definitions](#)
- [Federal Register Vol. 65, No. 124, Resource Sharing for Workforce Investment Act One-Stop Centers](#)
- [Generally Accepted Accounting Principles \(GAAP\)](#)

6. Supersedes:

NA

7. Website:

http://www.wa.gov/esd/1stop/policies/wioa_title1.htm

8. Action:

Local Workforce Development Boards and their contractors, as well as Employment Security Regional Directors, should distribute this policy broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

9. Attachments:

None.

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