

WORKFORCE SYSTEM POLICY (WSP) No. 03-2015, December 22, 2015

TO: PENNSYLVANIA WORKFORCE DEVELOPMENT BOARD
BUREAU OF WORKFORCE DEVELOPMENT ADMINISTRATION
BUREAU OF WORKFORCE PARTNERSHIP AND OPERATIONS
CENTER FOR WORKFORCE INFORMATION AND ANALYSIS
LOCAL ELECTED OFFICIALS
LOCAL WORKFORCE DEVELOPMENT BOARD CHAIRS AND EXECUTIVE DIRECTORS
LOCAL WORKFORCE DEVELOPMENT AREA FISCAL AGENTS
LOCAL WORKFORCE DEVELOPMENT AREA ONE-STOP OPERATORS
LOCAL WORKFORCE SYSTEM STAKEHOLDERS

FROM: Diane Bosak
Deputy Secretary for Workforce Development

SUBJECT: Financial Management Policy

- I. **Purpose.** The purpose of this workforce system policy is to provide operational guidance and strengthen fiscal accountability for Pennsylvania's workforce development system. To that end, the *Financial Management Guide* attached to this policy clarifies expectations, addresses issues commonly occurring in the field, identifies operational problems and possible solutions, models best practices, and provides suggestions and techniques to ensure compliance with current federal and state laws, regulations, and guidance.
- II. **Background.** This policy and attached financial guidance provides direction and technical assistance to workforce system stakeholders. It is also intended to serve as guidance to assist grantees in complying with federal and state requirements and to improve operational integrity of workforce development financial and information management systems.

The attached *Financial Management Guide (FMG)* includes information relating to federal and state requirements; however, it is not intended that the information will supplant, supersede or replace such information. Any omission of any applicable federal or state requirements from this document does not relieve a grantee from its responsibility to comply with that requirement. In the event of a conflict between federal or state requirements and the FMG, the federal or state requirements will apply. In the event that a conflict appears to exist, the Bureau of Workforce Development Administration should be contacted to determine which, if either, provision will prevail.

III. **Definitions.**

- **Bureau of Workforce Development Administration (BWDA)** is the entity responsible for the administration of workforce funds on behalf of the Department.
- **Chief Elected Official** is the chief elected executive officer of a unit of general local government in a local workforce development area.
- **Commonwealth Workforce Development System (CWDS)** is the management information system of record used for all data collection and reporting in Pennsylvania. It is a secured, Internet-based website providing multiple operational functions. Accessed through CWDS are two financial-oriented

information management sub-systems. The first is the *Financial Management System* (FMS) used by local area grantees and/or fiscal agents for reporting federal and state expenditures and making cash disbursement requests. The second system is the *Cost Allocation Reimbursable System* (CARS) whereby BWDA allocates funds to the local workforce development areas through the Resource Sharing Agreement Budget (RSAB) process for each PA CareerLink® center.

- **Department** is the Pennsylvania Department of Labor & Industry, which has been designated by the governor to serve as the state administrative entity/state workforce agency.
- **PA CareerLink®** is the registered trademark for Pennsylvania’s one-stop centers.
- **Uniform Guidance**, a.k.a. “Super Circular,” is OMB’s final rule that encapsulates multiple OMB circulars into one. The formal name is “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.”

IV. Applicability. This policy complies with federal and state requirements that apply to subrecipients of funds awarded through the Department’s Bureau of Workforce Development Administration. Subrecipients of such funds are referred to as grantees or sub-grantees, interchangeably, throughout this policy and FMG. Unless otherwise stated, the term includes local grant recipients, local workforce development boards, fiscal agents and non-local grantees.

The attached guide compiles information that is intended to serve as guidance to assist grantees in complying with federal and state requirements and to improve the operational integrity of the workforce development financial and information management system.

The word “**must**” throughout the attached FMG indicates *requirements*. The word “**should**” is used to indicate *best practices* or *recommended approaches* but is not necessarily required for compliance. Subrecipients are advised to seek BWDA review prior to interpreting any provision that may be unclear.

The FMG does not address any grant that is not awarded through the Department; however, grantees with similar grants may find the contents useful.

V. Relationships. The nature of the relationship between the Department and a grantee determines the substance of the relationship. However, the form is less important in determining the relationship than is the substance. Therefore, the labeling of an organization does not automatically create one type of relationship or the other. The following information is meant to clarify relationships:

Sub-recipient vs Contractor. Regardless of any label, the distinction between subrecipients and contractor is based upon OMB’s “Uniform Guidance” found at 2 CFR Chapter I, Chapter II, Part 200, et al. and determined in accordance with 2 CFR 200.330 (*subrecipient and contractor determinations*). See also 2 CFR 200.92 which states, “A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.” So, if a pass-through entity makes an award, that is called a “contract,” but which meets the criteria under 2 CFR 200.330 to be a subaward, the non-Federal entity must comply with the provisions of the Uniform Guidance relevant to sub-awards regardless of the name used by the pass-through entity to refer to the award agreement.

A. Fiscal Agent. To assist in the administration of grant funds, the chief elected official(s) may designate an entity to serve as a fiscal agent. Such designation shall not relieve the chief elected official of the liability of any misuse of grant funds. If a fiscal agent has been designated, that entity shall disburse the grant funds for workforce activities at the direction of the local workforce development board

pursuant to the requirements of the applicable statute(s). Such funds shall be disbursed immediately upon receiving such direction from that local board.

If the chief elected official(s) designate a fiscal agent, an agreement must be established that describes the relationship between the chief elected official(s) and the designated fiscal agent entity. The required contents of this agreement can be found in the Department's *Local Governance Policy*, which also outlines the roles and responsibilities of a fiscal agent (if one is designated).

In addition to the roles and responsibilities outlined in the *Local Governance Policy*, a designated fiscal agent coordinates, implements, allocates, and evaluates costs contained in the Resource Sharing Agreement Budget (RSAB) for each PA CareerLink® center. Fiscal agent staffs also ensure all costs are allowable, consistent with the approved RSAB, covered under the Memorandum of Understanding (MOU) or Resource Sharing Agreement (RSA), and reported to the Department accurately and on time. In such instances where no fiscal agent has been designated for a local workforce development area, the chief elected official or grant recipient is responsible for such responsibilities.

- B. One-Stop Operator (Operator).** Local workforce development boards, with the agreement of the chief elected official(s), are authorized to designate one-stop operators and to 'terminate for cause' the eligibility of such operators. To receive funds made available under WIOA title I-B to operate a one-stop center (or centers), an entity (which may be a consortium of entities pursuant to Sec. 121(d)(2)(B)), shall be designated or certified as a one-stop operator through a competitive process. The operator of a PA CareerLink® center (or centers) shall be known as "PA CareerLink® Operator(s)."

The Operator identifies all shared resources and costs associated with each center (or centers) and assists in the development of the MOU and RSAB. Consistent with federal and state statutes, associated regulations, policies and procedures, the PA CareerLink® Operator communicates, negotiates, manages, integrates, coordinates, and conducts oversight of all services provided by and in cooperation with all partners associated with the PA CareerLink® center (or centers).

- C. PA CareerLink® Partners.** Each PA CareerLink® center is unique in that the number and type of partners that provide services vary from one location to another. It is a local-level decision to define the relationships within the various organizations through the local agreement process.

Types of partners include: required/full-time, additional, and rent-only partners.

- VI. Contact Entity.** Technical assistance and/or inquiries regarding this policy may be directed to the Pennsylvania Department of Labor & Industry, Bureau for Workforce Development Administration, Grants and Fiscal Services Division, 651 Boas Street, Suite 1200, Harrisburg, PA 17121. Electronic inquiries may be directed to at LI-BWDA-Grants-Fiscal@pa.gov. Telephonic inquiries may be directed to (717) 783-8050.
- VII. Rescissions.** Workforce Investment Information Notice (WIIN) No. 2-00, Change 2, *Financial Management Technical Assistance Guide (TAG)*, dated March 2, 2004, in its entirety; PA CareerLink® Financial Management Guide, dated July 1, 2012; Workforce System Policy 03-2014, *Financial Management Policy (Issued as a Working Draft)*, November 19, 2014.
- VIII. Attachment.** Commonwealth of Pennsylvania Financial Management Guide (FMG).
- IX. References.** This list contains references that are directly associated with this policy. A more extensive list of references and resources can be found as an appendix to the attached FMG.

- Workforce Innovation and Opportunity Act of 2014 (WIOA or Opportunity Act), Public Law (Pub. L.) 113-128, enacted July 22, 2014
- Workforce Innovation and Opportunity Act-Notice of Proposed Rulemaking, 80 FR 20689
- Workforce Investment Act of 1998 (WIA), Pub. L. 105-220, et seq.
- Workforce Investment Act - Final Rule (20 CFR Part 652, and Parts 660 through 671); 29 CFR §§ 37, 95-99; 2 CFR § 225 and 230, 37 CFR Part 401; 48 CFR § 31
- U.S. Department of Labor (USDOL) One-Stop Comprehensive Financial Management Technical Assistance Guide (Part I, July 2002) and (Part II, Jul 2011)