



TO: All Humboldt County Workforce Innovation and Opportunity Act (WIOA) Staff, Subrecipients and Service Providers

FROM: Humboldt County Workforce Development Board (HC-WDB)

EFFECTIVE: 09/19/2019

SUBJECT: WIOA Accounting

REFERENCES: 2 CFR 200

PURPOSE:

The purpose of this policy is to provide operational guidance for accounting systems for recipients of Federal grant funds.

POLICY AND PROCEDURE:

As a recipient and administrator of WIOA funds provided by the US Department of Labor, HC-WDB must ensure its staff, subrecipients, and contractors are responsible for establishing a sound financial management system to comply with applicable financial, accounting, and reporting requirements.

At a minimum, financial management systems must:

- Permit preparation of reports required by the statutes authorizing the grant.
- Permit tracing of funds to a level of expenditures adequate to establish such funds have not been used in violation of restrictions and prohibitions of applicable statutes.
- Ensure program salary costs claimed are supported by hours recorded on time sheets.

In addition, financial management systems must adhere to the following eight standards:

1. Identification in its accounts of all Federal grants received and expended, and the Federal programs under which they were received.
2. Accurate, current, and complete disclosure of the financial results of contracted activities must be made in accordance with the reporting requirements of the grant and reflect expenditures in accordance with the required cost classification categories and budgets.
3. Accounting records must be maintained to provide information specific to the receipt and use of WIOA funds.
4. Effective administrative and internal controls must be maintained for all grants.
5. Actual expenditures must be compared with budgeted amounts for each grant or

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- contract.
6. Written procedures for determining the reasonableness, allowability, and allocability of costs in accordance with the Office of Management and Budget (OMB) guidelines will be followed.
 7. Accounting records must be supported by source documentation such as paid invoices, payroll records, time sheets, etc. Proper procedures and methods to meet audit standards, including storage and retention of source documentation to support accounting records, are required.
 8. Written cash management procedures for minimizing the time elapsing between receipt and disbursement of funds must be developed and followed.

The accounting process for WIOA staff, subrecipients, and contracts must meet the following general criteria:

- (a) **Separate Recording of Funds**
Federal rules require separate accounting for funds received from HC-WDB.
- (b) **Accrual Reporting**
Staff and subrecipients are not required to establish an accrual accounting system but must determine accruals for reporting purposes and must provide information that satisfies the definition of accrued expenditures. Accrued expenditures are the charges incurred during a given period for goods, services, and/or other amounts owed, which may or may not have been paid.
- (c) **Accuracy and Availability of Financial Records**
Staff, subrecipients, and contractors should have an accounting system that provides the ability to supply accurate, current, and complete information on all financial transactions. Documentation should be readily available to support the validity of expenditures and to allow for periodic reporting as required by HC-WDB.
- (d) **Financial Records**
The following describes financial records that will assist in recording, summarizing, controlling, and reporting financial operations. Any additional accounting records considered necessary may also be maintained.
 - (1) **Cash Receipts Register/Journal**
A cash receipt register (or journal) shall be maintained for the recording of funds received for deposit in connection with the operation of programs.
 - (2) **Cash Disbursement Register**
A cash disbursement register shall be maintained for recording all checks issued.

All disbursements shall be made by pre-numbered checks used in numerical sequence and must be supported by appropriate documentation, such as invoices, payroll records, receipts, etc. The support documents shall show the nature of each payment and have the approval of an authorized individual. The cash disbursement register should list all the pertinent details about the payment (i.e., check number, date, payee, amount, etc.).
 - (3) **General Ledger**
A general ledger shall be maintained for recording all financial transactions related

to the operation of the program.

(4) General Journal

A general journal shall be used to document and record transactions in the general ledger that are not recorded from cash receipts and disbursements. Each journal shall contain a complete explanation for the transaction being recorded and reference related documents, if applicable.

(5) Payroll Records

Basic payroll records shall be maintained to accumulate the payroll data required by federal, state, and local laws for each employee, such as gross earnings, federal/state income tax withheld, FICA withholdings, etc. Timecards are also required and must reflect actual time spent by staff on program activities.

(e) Standards of Documentation

Documentation to support transactions should include all records necessary to establish the transaction meets eligibility requirements. Such documentation may include, but is not limited to:

- proposals received in response to an RFP
- fully executed contracts
- competitive bids
- purchase orders
- receipts and/or invoices

(f) Reporting Requirements

Subrecipients must be able to prepare the following for submission to HC-WDB:

(1) Invoice

The invoice should contain a summary of the expenses for the report month, as well as cumulative (year-to-date) amounts.

(2) In-Kind/Cash Match Report

Match reports must be submitted as requested by the HC-WDB Executive Director and shall identify program expenditures that are not paid by HC-WDB contracted funds.

INQUIRIES:

Any questions regarding this policy may be directed to the Workforce Development Board Executive Director at 707-445-7745.

Humboldt County Workforce Development Board Approval Required? Yes No