
Internal Control & Financial Management System Policy

POLICY NUMBER: F-2011

REVISION DATE: 1-19-21

Supersedes: Financial Management System Policy #F-1009 and Internal Control Policy #F-1011, issued June 30, 2016

PURPOSE

This policy describes WorkForce Central's 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.

BACKGROUND

Recipients of Federal funding, including WIOA, must comply with the financial management requirements provided by the Department of Labor (DOL) and Washington State Employment Security Department (ESD). Internal control requirements are codified in 2 CFR 200.303-Internal Controls.

POLICY

WorkForce Central's internal controls and financial management system, including records documenting 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.

Internal Control

While internal control takes many forms in WorkForce Central's operations, our main goal is always to protect Federal award assets. WorkForce Central's internal control policy includes the following:

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

Financial Management System

WorkForce Central's financial management system must provide for 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, WorkForce Central 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.
- Comparison of expenditures with budget amounts for each Federal award.
- Written procedures to implement the requirements of 2 CFR 200.305 – Federal Payment.
- 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.

WorkForce Central’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.

WorkForce Central must apply a First in First-Out (FIFO) policy in which unexpended obligational authority is expended before the expenditure of any subsequent year’s (new) obligational authority. Under FIFO procedures, unexpended funds available from a prior year are expended first in the subsequent year in an amount equal to the unexpended obligational authority balance. Failure to use a FIFO policy will result in ESD recapturing previous year’s unexpended funds at the end of the grant period.

Monitoring and Auditing

WorkForce Central 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 State Policy No. 5255, Rev. 1 - WIOA Audit Requirements, Reports, and Resolutions; 2 CFR 200 Subpart F, Audit Requirements.

REFERENCES

- Public Law 113-128
- 2 CFR Part 200 Subpart D - Post Federal Award Requirements- 200.302 Financial Management and 200.303 Internal Controls
- 2 CFR Part 200 Subpart F- Audit Requirements
- One-Stop Comprehensive Financial Management Technical Assistance Guide (TAG)
- Generally Accepted Accounting Principles (GAAP)
- ESD Policy 5230 – Financial Management

REVISION APPROVED

Katie Condit

Katie Condit (Jan 19, 2021 09:54 PST)

Jan 19,

Katie, Condit, WFC CEO

Date

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