
Allowable Cost and Prior Approval Policy

Policy Number: F-2003, Rev. 3

Release Date: February 8, 2023

Supersedes: Allowable Cost and Prior Approval Policy #F-1003, Rev. 2, effective September 1, 2022

PURPOSE

To provide guidance regarding allowable costs and prior approval requirements for federal grants, including Workforce Innovation and Opportunity Act (WIOA) Title I funds.

The policy is revised to:

- Broaden the scope of the policy to all federal grants in addition to WIOA Title I.
- Update references and citations.

BACKGROUND

20 CFR Section 683.200 and the One-Stop Comprehensive Financial Management Technical Assistance Guide, Part II provide federal direction regarding cost principles and allowable activities funded under WIOA.

Recipients and subrecipients of federal awards must follow the Uniform Guidance at 2 CFR parts 200, 215, 230, 255, and appendices I through XI. Recipients of WIOA Title I must also follow applicable exceptions identified at 2 CFR part 2900.

Commercial and for-profit organizations that are recipients and subrecipients of a federal award must follow 2 CFR part 200, and include applicable exceptions identified at 2 CFR part 2900 and the Federal Acquisition Regulations (FAR) including 48 CFR part 31.

POLICY

WorkForce Central complies with allowable cost principles at 2 CFR 200 Subpart E, Washington State Employment Security Department (ESD) policy 5260 - Allowable Cost and Prior Approval Requirements (current and future revisions), and applicable federal, state, and local policies and regulations. WorkForce Central will ensure its federally funded subrecipients and contractors comply with appropriate cost principles and administrative rules through ongoing oversight and monitoring reviews.

a. Allowable Costs

Expenditures of federal funds are allowable only for activities permitted by the applicable federal regulations.

For WIOA Title I, allowable activities include:

- Basic, individualized, supportive, training, and follow-up services.
 - Allowable basic, individualized, follow-up and training services are described in WIOA Law Section 134(c) (2) and (3).

- Follow-up services are further described in WorkForce Central's Follow-up Services & Recording Performance After Exit Policy posted on WorkForce Central's [Policy Library](#).
 - Training services are further described in WorkForce Central's Individualized Training Account (ITA) & Contract Training Policy, also posted on WorkForce Central's Policy Library
- Allowable WIOA Title I supportive services and needs-related payments funds are described in Section 134(d) (2) and (3), in ESD's WIOA Policy 5602 – Supportive Services and Needs-Related Payments (current and future revisions), and WorkForce Central's Supportive Services Policy posted on WorkForce Central's [Policy Library](#).
- Allowable use of incentive payments to WIOA Title I participants is described in ESD Policy 5621 - Incentive Payments to WIOA Title I Participants (current and future revisions) and WorkForce Central's Supportive Services Policy.
- Allowable activities for the youth program are detailed in WIOA Law Section 129 and further explained in WorkForce Central's WIOA Title I Program Eligibility, Enrollment and Documentation Policy and accompanying handbook, posted on WorkForce Central's Policy Library..

General principles and guidance on selected items and on allowable and unallowable costs are provided in 2 CFR Part 200; prohibited activities for WIOA are specified in Sections 683.235 through 683.270 and Section 679.410 of the WIOA Rules.

As a general precaution, recipients of federal funds are advised to review all relevant federal documents when planning a program or expenditures.

b. Prior Approval of Certain Costs

Some equipment and capital expenditures are allowable only if approval is granted prior to the purchase.

2 CFR Part 230 Appendix B Section 15 (b) (1) states: *“Capital expenditures for general purpose equipment are unallowable as a direct cost except with the prior approval of awarding agency.”* 20 CFR 683.235 prohibits the purchase or construction of facilities using WIOA funds, except with the prior written approval of the Secretary of the Department of Labor (DOL).

For WIOA Title I, 20 CFR 683.200(b) (2) delegates the authority for granting prior approval for those selected items to the Governor or his designee.

In accordance with 2 CFR Part 230 Appendix B, Section 15, ESD requires all entities receiving WIOA Title I funds request and obtain prior approval for single item equipment and capital improvement purchases that cost \$5,000 or more. When requesting prior approval, WorkForce Central will follow instructions in ESD Policy 5260 – Allowable Cost and Prior Approval Requirements (current and future revisions).


WorkForce Central subrecipients and contractors must receive prior written WorkForce Central approval for equipment and capital expenditures over \$5,000, and for approval for first class travel by submitting an email to their WorkForce Central contract manager.

REFERENCES

- Public Law 113-128
- 20 CFR Part 683.200

- 2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- 2 CFR Part 215 - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations (OMB Circular 110)
- 2 CFR Part 220 - Cost Principles for Educational Institutions (A-21)
- 2 CFR Part 225 - Cost Principles for State, Local, and Indian tribal Governments (A-87)
- 2 CFR Part 230 - Cost principles for non-profit organizations (A-122)
- Federal Register Vol. 65, No.124, Resources Sharing for Workforce Investment Act One-Stop Centers
- Generally Accepted Accounting Principles (GAAP)
- ESD Policy 5602 - Supportive Services and Needs-Related Payments (current and future revisions)
- ESD Policy 5260 – Allowable Cost and Prior Approval Requirements (current and future revisions)
- ESD Policy 5621– Incentive Payments to WIOA Title I Participants (current and future revisions)

APPROVED


 Katie Condit (Feb 8, 2023 08:24 PST)

Feb 8, 2023

Katie Condit, WorkForce Central CEO

Date

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