

## Financial Management Policy #P-30-11.22

Date: January 31, 2024

Re: SCPa Works Financial Management Overview

Policy Approved: August 19, 2014

Recent Revision: January 31, 2024

Revision Approved: February 8, 2024

References:

- WIOA Final Rule
- 2 CFR § 200, Uniform Guidance
- 2 CFR § 2900
- 29 CFR § 683
- TEGL 02-16
- TEGL 06-22
- TEGL 03-21, Change 1
- WSP No. 03-2015
- Financial Management Guide; PA Department of Labor & Industry (2021)



Policy Manager: Saranne Miller

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**I. Fiscal Management Goals**

- A. The Board recognizes the important trust it has been given to manage many public resources. The Board is vigilant in fulfilling its responsibility to see that these funds are:
  - 1. Used wisely for the achievement of the purposes to which they are allocated; and
  - 2. Used efficiently to ensure spending within its resource limitations.
- B. In SCPa Works's fiscal management, the Board seeks to achieve the following goals:
  - 1. To engage in thorough advanced planning, with broad-based staff and community involvement, to develop budgets and to guide expenditures to achieve the greatest returns and contributions to SCPa Works's programs concerning dollars expended.
  - 2. To establish levels of funding that will provide high-quality training, products, and services.
  - 3. To provide timely and appropriate information to all staff and Board Members with fiscal management responsibilities.
  - 4. To establish efficient procedures for accounting, reporting, purchasing and delivery, payroll, payment of vendors and contractors, and all other areas of fiscal management.
  - 5. To be flexible in administering training dollars to encourage creative programming and placement and effective return on the investment.
  - 6. To comply with all governmental regulations, OMB Circulars A-122, A-133, Pennsylvania Department of Labor WIOA Technical Assistant Guide, and others as required.
  - 7. Establish effective internal controls to safeguard assets and ensure proper use.

**II. Internal Controls**

- A. SCPa Works safeguards federal funds, cash, and assets by maintaining an adequate system of internal controls in accordance with Generally Accepted Accounting Principles (GAAP).
- B. SCPa Works adheres to the principles outlined in 20 CFR § 683.220, and by constituting such practices, SCPa Works strives to:
  - 1. Uphold the fiduciary responsibility of its governing board;
  - 2. Be guided by its policies and procedures written following applicable laws and regulations;
  - 3. Maintain a financial management system as prescribed by regulations;
  - 4. Implement segregation of duties in the fiscal operations and adhere to established levels of approval authority;
  - 5. Establish a monitoring system for oversight of sub-awards;
  - 6. Adhere to the general procurement policy that is established per regulations;
  - 7. Always practice an open, fair, and competitive procurement process;
  - 8. Ensure that contracts are reviewed and implemented according to the deliverables and in consideration of risk reduction and

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9. Conduct a periodic review of access rights to the accounting system as a form of internal control.

### III. Non-Profit Status

- A. The Board, operating as a Corporation overseeing and authorizing the administration and operations of SCPa Works, is organized exclusively for charitable, religious, educational, or scientific purposes, including for such purposes the making of distributions to organizations that qualify as exempt organizations under Section 501©(3) of the Internal Revenue Code (or the corresponding provisions of any future United States Internal Revenue Law).
- B. No part of the net earnings of SCPa Works shall inure to the benefit of, or be distributable to, its members, trustees, directors, officers, or other private persons, except that SCPa Works shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in the furtherance of the purposes set forth above.
- C. Upon dissolution of SCPa Works, the Board of Directors/Trustees shall, after paying or making provisions for the payment of all the liabilities of SCPa Works, dispose of all of the assets of SCPa Works exclusively for SCPa Works in such manner, or to such organization(s) organized and operated exclusively for charitable, educational, religious, or scientific purposes as at the time shall qualify as an exempt organization(s) under Section 501 © (3) of the Internal Revenue Code (or the corresponding provisions of any United States Internal Revenue Law), as the Board of Directors/Trustees shall determine. Any such assets not so disposed of shall be disposed of by the Court of the Common Pleas of the County in which the principal office of SCPa Works is located, exclusively for such purposes or to such organization(s) as said Court shall determine which are organized and operated exclusively for such purposes.
- D. Property purchased with WIOA funds will be disposed of following the PA Department of Labor guidelines.

### IV. Annual Operating Budget

- A. Planning
  1. The staff will formulate the preliminary budget. The Admin/Finance Committee will review and recommend the budget to the full Board for approval.
- B. Fund Accounts
  1. A budget is required for every fund utilized in yearly operations.
- C. Budget Officer
  1. The budget officer is the Comptroller unless otherwise designated by the Board.
  2. The three general areas of responsibility of the budget officer are:
    - a. Budget preparation;
    - b. Budget presentation; and
    - c. Budget administration.
- D. Fiscal Year
  1. The fiscal year for SCPa Works shall run from July 1 to June 30.
- E. Annual Funding
  1. The comptroller will anticipate expected future revenues before developing the annual budget. Anticipated revenues may be affected positively or negatively by eliminating funding sources, program reauthorizations, and increases in funding or other factors.
  2. Variances in revenues that could adversely affect services to the community will be reported to the Executive Director and the Admin/Finance Committee.
    - a. An emergency Admin/Finance Committee meeting will be held to develop a plan of action and implement a schedule regarding the affected levels of services and staff.

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**V. Budget Implementation**

- A. The Board places the responsibility for administering the operating budget, once adopted, with the Executive Director.
1. To allow the Executive Director to administer and control the budget effectively and efficiently, the following principles shall be followed:
    - a. The Executive Director or duly designated employees of SCPa Works is authorized to implement the policies and activities as outlined in the adopted operating budget and Fiscal Policy subject, however, to continuous review by the Board, and further limited to the following express provisions:
      - i. All expenditures of funds for the employment and assignment of personnel meet the legal requirements of the Commonwealth of Pennsylvania and adopted Board policies.
      - ii. All expenditures so authorized are contained and are fully funded within the line item of the operating unit as adopted by the Board.
      - iii. Complete listings of expenditures for supplies, materials, and services will be provided to the Board upon request. iv. All purchases are made following the requirements of any public funding sources and adopted Board policy.

**VI. Audit Requirements and Resolution (2 CFR Part 200 Subpart F)**

- A. The books and accounts of SCPa Works shall be audited by an Independent Certified Public Accountant in conformance with the prescribed standards and legal requirements of the Single Audit Act and any other government regulations.
1. The Board shall select the Certified Public Accountant through procurement.
  2. The Board may award a multi-year audit contract.
- B. The audit will be conducted and submitted to the Board as soon as possible after the corporate year-end.
1. All audits will be completed and submitted to the appropriate State and Federal agencies by the required Federal deadlines.
- C. In addition to outlining the audits involved, the plan will specify that the CPA firm selected will be expected to make itself available throughout the current program year to advise the Board and professional staff review and complete IRS Form 990 and 5500 Pension/Benefit Returns, and any other tax documents; help in the development of bid specs, policy statements, or enforcements/monitoring techniques; and keep the staff informed of changes in laws and regulations outside funding source regulations that impact and effect the operations.

**VII. Subrecipient Monitoring/Audit Reports**

- A. The Workforce Innovation and Opportunity Act (WIOA) requires a system of accountability to assess the effectiveness of LWDBs in achieving an optimum return on Federal Funds invested in programs and activities.
1. The SCPa Works Compliance Department has developed and implemented a local area monitoring standard and schedule to achieve an effective monitoring and oversight plan that accomplishes this goal and ensures continuous improvement in serving program participants and customers.
  2. and customers.
- B. Under the TAG and OMB A-133, SCPa Works ensures that sub-recipients expending \$300,000 or more in Federal funds obtain an independent audit of their records.
- C. SCPa Works manually receives and reviews audit reports for possible findings, disallowance of expenditures, adequacy of the auditee corrective action plan, and compliance with OMB A-133.
1. Any audit report not received can result in a suspension of payment to the specific agency.

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- D. SCPa Works must follow the audit resolution process outlined in the TAG and the ETA Grant and Financial Management Guide for sub-recipients found @ <http://www.doleta.gov/grants/esources.cfm>, Chapter II-12, Audits, and Audit Resolution.
- E. Findings, disallowed expenditures, and ineligible activities or participants identified during an SCPa Works Compliance Department review are subject to the consequences and resolution process found in the SCPa Works Risk Assessment and Corrective Action Policy #P-24-4.22.

### **VIII. Debt Collection**

- A. SCPa Works has the authority to make the Final Determination on a debt-related scenario with the sub-recipients of federal or non-federal grants.
  - 1. SCPa Works' decision to allow or disallow questioned costs and the resolution of any non-monetary findings concerning Federal or non-federal determinations is at the discretion of SCPa Works.
  - 2. SCPa Works shall determine the final debt, defined as the amount owed based on the awarding agency's final determination before any appeal process or the decision issued in response to an appeal.
    - a. Included in final debts are funds due from, but not limited to, incidents of fraud, malfeasance, misapplication of funds, or other serious violations or illegal acts.
- B. SCPa Works adheres to the required controls specified in 20 CFR 683.420 (a)(i) as its process for collecting debts through the development and maintenance of debt collection procedures that include:
  - 1. A process for notifying subrecipients of the establishment of debt;
  - 2. An appeal policy and process;
  - 3. The establishment of a final notice that provides notification that payment is officially delinquent;
  - 4. Sanctions that occur if a debt and any applicable interest charged is not repaid;
  - 5. A process through which three payment demand letters are sent to the sub-recipient at no less than 30 calendar day intervals;
  - 6. Establishment of an outstanding debt line item within SCPa Works financial statement;
  - 7. Standards and specifications for terminating, compromising, and litigating debts; and
  - 8. A process for maintaining a permanent record of all debt collection cases and current statuses.
- C. An overview of disallowed costs infractions and a detailed outline of corrective action procedures can be found in the SCPa Works Risk Management and Corrective Action Policy #P-24-4.22.
- D. SCPa Works remains responsible for all WIOA-funded sub-recipient audit resolution proceedings and debt action by maintaining records documenting the actions taken concerning debt collection, restoration, and other debt resolution activities.
- E. SCPa Works documents debt details and supporting documentation for all debt-related corrective action procedures.
- F. SCPa Works takes action against debt within six (6) months of a finding through the issuance of a management decision that details the nature of the debt, the reasons for the decision, and the subrecipients expected corrective actions to include a designated timeline in which corrective actions must be accomplished.
- G. Sanctions could include but are not limited to debarment, litigation, or referral to a collection agency.
- H. In adherence to documentation standards, SCPa Works establishes an outstanding debt line item in the financial statement when debt occurs.
- I. Documentation related to debt collection will be maintained in the sub-recipient contract file. Appeal Rights
- J. Sub-recipients wishing to appeal SCPa Works' debt determination must request a hearing within ten (10) calendar days of receipt of the first repayment letter to avoid sanctions or penalties.
  - 1. Appeals must be in writing and emailed to the SCPa Works CEO.

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- K. If debts result from fraud, malfeasance, serious violations, or illegal acts, repayment must be in cash from non-federal resources.

**IX. Authorized Signatures**

- A. It shall be the policy of the Board to require two signatures on each check, with one being a county commissioner and the other being the Executive Director.
  - 1. SCPa Works chooses not to utilize manual signatures on checks.
- B. If SCPa Works chooses to use electronic signatures in their check-writing process, the electronic signatures must be scanned and maintained within a secure computer program accessed only by the MIS Director of SCPa Works.
- C. If SCPa Works subcontracts check-writing services to a bank, payroll processing agency, or other vendors, the contracting agency may be asked to show their controls for signing checks and provide proof of adequate internal controls and insurance coverages. D. The signing of blank checks shall not be permitted.
- E. All voided or spoiled checks shall be marked and retained, and the signature section shall be removed and destroyed.
- F. Any checks written for the distribution of unclaimed WIOA funds are subject to the provisions of the PA Disposition of Abandoned and Unclaimed Property Law.
- G. The disbursement of funds electronically is another payment method in addition to issuing checks. Two fiscal unit employees are needed to process each electronic payment if electronic payments are utilized.
  - 1. Each employee will have a password to access the electronic payment system. One employee will identify the accounts payable payments to be made electronically and place those payments into the electronic payment system. The second employee will access the system and approve the processing of the payments resident in the electronic payment system.

**X. Bonded Employees and Officers**

- A. SCPa Works shall maintain a blanket bond of \$3,000,000.

**XI. Computer System and Computer Accounting System**

- A. SCPa Works employs a computer system and accounting software to generate timely financial data. Staff will review this system yearly to determine if the organization's needs are adequately met.
  - 1. The current financial / accounting system consists of the following:
    - a. A Microsoft Windows® Server network.
    - b. A dedicated server with Sage® MIP Fund Accounting database software. MIP is a client/server-based accounts payable / accounts receivable financial system.
      - i. This server also houses a "Fiscal " network file share." The Fiscal share contains reports and all financial data pertinent to the Fiscal department and that department's mission.
    - c. A dedicated ADP® Payroll server.
    - d. Network server permissions control access to all fiscal servers and data per this policy. Only the system administrator and "Fiscal" network users group members can access this data. Membership to the "Fiscal" users group is decided by SCPa Works's Comptroller or Executive Director.
    - e. Staff will recommend for approval to the Admin/Finance Committee any fiscal hardware or software system changes.

**XII. Computer Disaster Recovery Plan**

- A. The following disaster recovery plan for data integrity and hardware is in effect and will be reviewed annually by staff with any changes approved by the Admin/Finance Committee.
- B. Data Backup and Recovery Plan

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1. South Central Workforce Investment Board's pertinent corporate data are backed up daily at 8:00 PM to a secure offsite location.
  2. The data is encrypted across multiple remote servers owned and operated by Barracuda Networks.
  3. The data is managed and retrieved via a secure login at [www.barracudanetworks.com](http://www.barracudanetworks.com).
  4. The login credentials are in a file held and accessible by the WIB's Executive Director and the Director of Information Technology.
- C. Individual employee data typically saved in the "My Documents" folder on the desktop is also saved to the "H:" drive on the WIBSERVER. This data is also backed up at 8:00 PM daily to the offsite Cloud server.
- D. In the event of a disaster or catastrophic loss of data and or communications equipment, the IT director and senior management will assess the damage and proceed to replace, repair, and restore equipment and data.
1. SCPa Works computer network infrastructure consists of the following servers, and in the event of a disaster, the network should be restored in the order listed below.
    - a. Primary domain controller – wibserver2
    - b. Exchange email server – Exchange
    - c. MIP / Backup Domain Controller – WIB-BDC
    - d. ADP server – ADP
    - e. Barracuda Backup server
- E. Operating systems and software will be retrieved from Microsoft and Barracuda Networks via secure website login with credentials held by senior management.
1. Once systems are restored, data from secure log-in or FTP from Barracuda Networks cloud servers will be restored.

### **XIII. Computer Access and Security**

- A. The computer system and network are password protected.
1. Each user will require a password to log into the fiscal system.
  2. Passwords can change every six months, and after three (3) unsuccessful attempts to log into the computer system, a system lockout will occur.
  3. The system administrator must be contacted to reset the password to regain access. User accounts will be disabled or deleted upon employee termination.
  4. The security system and disaster recovery plan will be tested annually, documented, and results forwarded to the Executive Director.
  5. Access to the Internet, Intranet, email, and other data is restricted to business usage by employees and board members of SCPa Works or appointed representatives thereof.

### **XIV. Cost Allocation Plan and Allowable Costs**

- A. SCPa Works will allocate common costs benefiting more than one funding source.
1. The allocation process will be based on examples in the Pennsylvania CareerLink® Cost Allocation Plan Guidelines.
  2. All plans used will be reviewed on an ongoing basis, amended, and approved by the Board.
- B. Allowable costs are identified in 2 CFR 200.420-476.
1. The Uniform Guidance, at 2 CFR 200.414(f), provides that a Non-Federal Agency (NFA) that is not subject to a Federal Negotiated Indirect Cost Rate (NICRA) for payment of its indirect grant administrative costs may elect to charge a de minimis rate of ten (10%) percent of its Modified Total Direct Cost (MTDC) base to the grant provider.
  2. The de minimis is the percentage of the MTDC of a grant-funded project that can be used by NFAs that do not have a NICRA.

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3. For administrative costs of WIOA formula funds and EARN, the de minimis rate cannot exceed 10% of the final cost objective of the grant.
4. For administrative costs to be allowable, the costs must be necessary, reasonable, and appropriate, not related to the direct provision of WIOA or EARN services, direct or indirect expenditures. Allowable administrative costs may include personnel and non-personnel costs.
5. Limits on administrative costs for other programs will be identified in the specific grant agreements. (WIOA Sections 128(b)(4) and 133(b)(4) Final Rule 667.210 )
6. Required cost allocations for all grant-funded projects are included in the grant agreements.

**XV. Depository of Funds**

- A. Revenues received by SCPa Works shall be deposited with a bank(s) approved by the Board.
  1. At any time, the Board may evaluate service, accessibility to staff and clients, ease of working relationship, and other appropriate factors.
  2. If the Board is not satisfied with the relationship, the Board may request proposals from banks located in the eight-county SCPa Works region or those deemed appropriate by the Board for banking services.
  3. Staff will review Proposals, and a recommendation will be given to the Board. The Board must approve any recommendations before any change is implemented.
- B. Revenues received for special projects will be deposited in interest-bearing accounts assigned by the Board.
- C. The depository or treasury selected by the Board shall protect the corporate funds as provided by State and Federal Law.
- D. The Board may elect to use the services of more than one bank.

**XVI. Unclaimed Checks**

- A. Checks that remain uncashed after 180 days or older will be negotiated by the vendor or returned to the grant of origin.
- B. By statute, checks that remain unclaimed in SCPa Works's bank accounts will be reported to the Commonwealth of PA under the Unclaimed Property Act.
- C. Abandoned checks will be reported after a five (5) year period, and payroll checks after a three (3) year period.

**XVII. Vendor Relations and Endorsements & Solicitations for Personal Gain**

- A. Employees of SCPa Works will not endorse products or services in such a manner that will identify them as employees of SCPa Works.
- B. No Board Member or Staff Member shall solicit gratuities, favors, or anything of monetary value for their personal use in conjunction with any contract, bid award, or other vendor arrangement from suppliers or potential suppliers of SCPa Works.

**XVIII. Conflict of Interest**

- A. Please refer to the SCPa Works Code of Conduct and Conflict of Interest Policy #P-29-11.22.

**XIX. Financial Reporting**

- A. Monthly/Quarterly Financial Status Reports will be prepared and submitted to the Commonwealth of Pennsylvania and used for internal SCPa Works use. Quarterly reporting to the Board will consist of the Statement of Financial Position of Grants and SCPa Works Administrative/Operational Budget Statement. Reports will be prepared and presented by the Comptroller. B. The Board may request other Financial Reports as deemed necessary.
- C. Pursuant to Federal Regulation 29 CFR sec.97.41, all expenditures must be reported on an accrual basis in reporting information through the Commonwealth.

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1. FSR reporting process.
2. The reporting accrued expenditures shall include all SCWIB administrative expenditures, such as payroll and employee travel.
3. Additionally, all subrecipient expenditures must be reported on an accrual basis.

**XX. Insurance Coverage**

- A. The Board will keep the following insurance coverages in effect.
  1. It may choose to renew contracts from year to year, or it may choose to rebid part or all of these coverages each year or as it sees fit.
  2. Upgrading or downgrading of policies and recommendations for renewal or rebidding must come to the Board for final approval.
- B. The following coverages shall be kept in force from year to year:
  1. Director's and Officers' Liability
  2. Umbrella Liability
  3. General Liability/Personal Property Coverage
  4. Bonding Insurance: Fiduciary Bond
  5. Workmen's Compensation
  6. Crime
  7. Property

**XXI. Payment Procedures**

- A. All vendors should render invoices for materials, supplies, services, and equipment after delivery to SCPa Works.
  1. Invoices should be signed or accompanied by a signed copy of the delivery receipt, if possible, and should be mailed or emailed to SCPa Works's main address.
- B. In instances of partial shipment, an invoice for the merchandise that has been delivered and the signed copy of the delivery receipt must be submitted for payment.
- C. An invoice to be submitted for payment shall qualify when the following conditions are met:
  1. **SCPa Works Operational Expenses**
    - a. A purchase order must be issued specifying the product or service to be procured.
      - i. The requesting program manager must sign the Purchase Order.
      - ii. The Comptroller then signs the purchase order for the availability of funds and the Executive Director for the validity of the purchase.
    - b. When the invoices are received, they are scanned into SCPa Works's database and forwarded to the Program Managers for signature approval.
      - i. The signature verifies that the goods or services were received.
      - ii. The approved invoice is forwarded to the accounts payable unit for payment processing.
  2. **Grant Recipient Expenses**
    - a. Invoices are either received via mail or email.
      - i. The invoices are scanned into SCPa Works's database.
    - b. The invoices are forwarded to the responsible program manager for review and approval.
      - i. Upon approval of the invoice, the manager signs the invoice and forwards the invoice to the accounts payable unit for payment processing.
    - c. All grant recipient invoices are paid based on cost reimbursement, and SCPa Works requires proper documentation to be submitted, and invoiced amounts must be within the limits of the contract.
- D. All approved invoices will be placed into the accounts payable system.

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1. A request to draw funds will be processed to the Commonwealth, and those funds will be received within seven days of request.
2. Disbursement of those funds, either electronically or by check, will occur on the receipt day of the funds.

## **XXII. Payroll Procedures**

- A. SCPa Works may contract payroll services to payroll processing firms such as ADP, Paychex, etc.
  1. In those instances, the subcontracting agency will be expected to ensure adequate security measures for the processing and issuing of corporate checks.
  2. Payroll summaries should be reconciled and signed off on by the Financial Manager of SCPa Works.
- B. All personnel employed regularly, either full or part-time, shall be paid according to a specified schedule.
  1. The payroll schedule may change as approved by the Board.
  2. Payrolls will be issued bi-weekly on Friday.
  3. All employees of SCPa Works will use Direct Deposit.

## **XXIII. Procurement System**

- A. SCPa Works adheres to the Uniform Guidance 2 CFR 200.318 et seq., the Federal Procurement Standards identified in OMB Circulars A-110 and A133, as applicable, the current Fiscal Management Guide published by the Commonwealth of Pennsylvania, Department of Labor and Industry, as amended, and as detailed in the SCPa Works General Procurement Policy #P-32-1.23.

## **XXIV. Property**

- A. When the Board determines that any real or personal property owned by SCPa Works is no longer needed or should, in the interest of SCPa Works, be exchanged for other property, it may sell or exchange such property by the provisions that follow:
  1. Sale of Property
    - a. Items having a current unit value of \$5,000.00 or more shall be appraised by an independent source to ascertain fair market value.
    - b. The Board will decide whether to advertise for sealed written bids or employ an auctioneer's services.
    - c. The advertisement notice will set the terms and conditions of the sale.
    - d. Items with a current unit value of less than \$5,000.00 may be grouped and made available to vendors willing to offer a proposal for disposal.
    - e. The Board may transfer property to another division or related non-profit organization.
    - f. SCPa Works's Certified Public Accountant will assist in establishing acceptable depreciation methods to determine fair market value.
    - g. Property purchased with WIOA funds will be disposed of in accordance with PA Department of Labor guidelines.
  2. Trade-in Property
    - a. When a new property is purchased by the Board in accordance with the law, on condition that property of a similar nature, owned by SCPa Works, is to be traded in or exchanged as a part of such purchase in reduction of the price, such trade-in shall be legal without appraisal or notice of sale.
  3. Exchange of Property
    - a. In general, any exchange of property shall follow, as nearly as possible, the procedure for the sale of property.
    - b. When the exchange is made with the governmental body, the two bodies shall jointly determine the appraisals.

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## XXV. Annual Inventory

- A. All properties with a single unit cost of \$2,500.00 minimum will be tagged upon receipt.
- B. A property log of these items will be maintained.
- C. An annual inventory of items with a single unit cost of \$5,000.00 or more will be reported to the Commonwealth of PA.
- D. Electronic items will be depreciated over three years, and furniture/furnishings for seven years for financial reporting purposes.
- E. In addition, a local inventory of items valued at \$2,500.00 to \$4,999.00 will be maintained.
  - 1. All computers, printers, and other technology items will be inventoried locally.
- F. Purchasing Authority
  - 1. The Board authorizes the Executive Director to approve expenditures for any item having a unit cost of \$5,000.00 or less from the general operating budget, which may be required to conduct efficient operations within SCPa Works.
  - 2. The Comptroller shall supervise purchasing. Purchases over \$250 will require issuing a purchase order and approval signatures from the Comptroller and the Executive Director.
- G. All purchases above \$5,001.00 will require SCWIB Board and State approval.
- H. In accordance with the Commonwealth of Pennsylvania procedures, the South Central Workforce Investment Board will utilize the approved vendor list.

## XXVI. Program Income

- A. This section outlines the required SCPa Works procedures for program income, including how program income is generated, accounted for, expended, and reported on our financial status reports and operating budgets.
- B. Non-federal entities are encouraged to earn income to defray program costs where appropriate.
- C. Costs incidental to generating the program income may be deducted from the gross income to determine program income, provided these costs have not been charged to the Federal award.
- D. Definitions:
  - 1. Program Income - Defined at 2 CFR 200.80 as gross income earned by a non-Federal entity and is directly generated by a supported activity or earned as a result of the Federal award during the performance period. (See 2 CFR 200.77 Period of performance.)
    - a. Program income includes but is not limited to:
      - i. Income from fees for services performed;
      - ii. The use or rental of real or personal property acquired under Federal awards;
        - 1. The sale of commodities or items fabricated under a Federal award;
      - iii. License fees and royalties on patents and copyrights; and
      - iv. Principal and interest on loans made with Federal award funds.
    - b. Interest earned on advances of Federal funds is not program income.
    - c. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income **does not include**:
      - i. Rebates;
      - ii. Credits;
      - iii. Discounts;
      - iv. Taxes;
      - v. Special assessments;
      - vi. Levies and fines raised by a grantee and subgrantee or
      - vii. Interest earned on any of the items mentioned above.

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2. Interest Income - Interest Income generated unrestricted funds through SCPa Works bank accounts is recognized as revenue in the period it was received and will be used at the discretion of the CEO and CFO.
  3. Program Income Exclusions - No obligation to the Federal Government concerning program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award.
  4. Patent and Trademark Amendments apply to inventions made under an experimental, developmental, or research award.
- E. Program Income Procedure
1. SCPa Works applies the following guidelines to account for Revenue and Cost-Generating Program Income
    - a. SCPa Works uses a net income method to account for program income.
    - b. With the net income method approach, costs incidental to generating program income are netted against or deducted from gross program income to determine the amount of net program income.
  2. The revenues generated as program income are tracked separately in the accounting records.
  3. Net program income is then recorded in the appropriate program income account, and the incidental costs to generate the program income are not charged to the grant.

## **XXVII. Cash Management (2 CFR 200 Subpart D and 2 CFR 200.305)**

- A. Under circumstances when cash management applies to the administration and operations of grant management, the following content refers to SCPa Works' general cash management policy and procedures, when applicable, for requesting, retaining, and disbursing federal funds and nonfederal funds, including funds awarded through the Workforce Innovation and Opportunity Act (WIOA).
- B. As a recipient of federal funds, SCPa Works implements adequate systems for the request, retention, and disbursement of federal funds after reimbursement requests are submitted as required.
- C. Cash Depositories are administered using only the following:
  1. Banks insured by the Federal Deposit Insurance SCPa Works (FDIC).
  2. An institution insured by the Federal Savings and Loan SCPa Works.
  3. A credit union insured by the administrator of the National Credit Union.
- D. Opening of a bank account shall be reviewed and approved by the SCPa Works CEO.
- E. In alignment with SCPa Works' commitment to Diversity, Equity, and Inclusion (DEI), SCPa Works prioritizes the use of Minority and Women-Owned Banks consistent with the Federal and State goal of expanding the opportunities for minorities and women-owned business enterprises under the proviso that the above cash management requirements are met.
- F. As a recipient of WIOA funds, SCPa Works maintains an insured, interest-bearing bank account.
- G. SCPa Works' accounting system accounts for refunds, credits, and revenue by funding sources.
- H. Exceptions in maintaining an interest-bearing account are allowed under one of the following conditions:
  1. SCPa Works receives less than \$120,000 in federal awards per year;
  2. The best reasonably available interest-bearing account would not be expected to earn interest over \$500 per year on federal cash balances;
  3. The depository would require an average or minimum balance so high that it would not be reasonable within the expected federal and non-federal cash resources or
  4. A banking system prohibits or prevents an interest-bearing account.
- I. In regard to interest, see Program Income, Section XXV of this policy.

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- K. SCPa Works manages cash balances by minimizing the time between the receipt and disbursement of federal funds to maintain a minimum cash balance per federal guidelines.
  - 1. Cash draws made by SCPa Works are reimbursements of expenses paid with other fund sources.
- L. SCPa Works procedures for cash (draw) requests are governed by 2 CFR 200.305 and include:
  - 1. Minimizing the time between transfer of funds and disbursement of funds;
  - 2. Limiting advance payments to the minimum amount needed and timed with actual and immediate cash requirements;
  - 3. Before requesting additional cash payments, funds must first be disbursed from available program income, rebates, contract settlements, audit recoveries, and interest earned on federal funds.
- M. The Department of Labor Employment & Training Administration (DOLETA) requires that subrecipients obtain funds from their awarding agency for disbursement.
  - 1. Each draw request shall be timed to coincide with cash needs and to ensure no excess cash is drawn, except payments for escalating leases and leave accruals.
  - 2. Cash drawn shall be disbursed within three (3) business days of receiving the cash.
- N. Procedures for WIOA Cash (Draw) Requests include the following practices:
  - 1. For WIOA formula cash draws, requests will be on a Monthly Invoice Voucher with supporting documentation of expenditures, revenue, and variance that justifies the cash draw.
  - 2. For WIOA non-formula contracts, requests will be on an independent contractor Invoice Voucher with supporting documentation that justifies the cash draw.
  - 3. All requests will be timed to coincide with cash needs and to ensure no excess cash is drawn.
- O. Cash draw requests may be declined and withheld by SCPa Works if any of the following occurs:
  - 1. Payment requirements are not met;
  - 2. Failure to provide appropriate supporting documentation for a cash draw; or 3. Failure to meet project objectives or grant/agreement conditions.

O. SCPa Works maintains a petty cash fund of \$150.00.

  - 1. This petty cash amount will be used for as-needed immediate items.
  - 2. The Fiscal Manager is the custodian of the petty cash fund.

**XXVIII. Records Retention**

- A. 29 CFR 97.42 and CFR 95.53 require that all records must be retained for three years following the date the expenditure report containing the final expenditures charged to the Program Year's allotment is reported.
  - 1. This rule also applies to all sub-recipients of SCPa Works.
  - 2. This period assumes no audit/litigation problems that would extend the required retention period.
  - 3. The retention period of non-formula grants is governed by the grant agreement and the applicable requirements of 29 CFR Part 95 and 97.

**XXVIII. Credit Card Policy**

- A. SCPa Works manages one (1) VISA Corporate Debit Card with METRO Bank.
  - 1. The debit card is currently assigned to the "Executive Director, South Central Workforce Investment Board."
  - 2. The primary use of the card is for purchases that require pre-payment, such as travel reservations, training, communication charges, and various small purchases/services that require a credit card.
  - 3. All purchases using the debit card require prior purchase orders to be issued.
  - 4. The VISA charges are directly debited from SCPa Works's main operating bank account and reconciled monthly by the Comptroller.

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5. The credit card has a \$2,000 daily purchase limit and is housed in SCPa Works safe.

**XXX. Segregation of Duties**

- A. The attached Segregation of Duties worksheet is intended to provide a general flow of the duties within the Financial Department of SCPa Works.
  - 1. This worksheet shows the individual's title and corresponding duties.
- B. It is the intent of SCPa Works to provide a system of checks and balances to ensure the maximum segregation of duties possible.
- C. Segregation of Duties Worksheet
  - 1. The X's marked below indicate Title/Position and identify responsibility for that function.

	Board of Directors	Executive Director	Controller	Fiscal Manager	Executive Assistant	Grant Manager
Approves Purchase Orders		X	X			
Verifies Receipt of Orders			X		X	X
Prepares Requests for Funds			X	X		
Authorizes Disbursements	X	X	X			
Prepares Checks				X		
Authorizes Grant Disbursements						X
Custodian of Blank Checks			X	X		
Compare Checks with Vouchers	X*	X	X	X		
Distributes Checks					X	
Post Disbursements			X	X		
Computes Cost Allocations			X	X		
Receives Cash			X	X		
Post Receipts			X	X		
Deposits Receipts				X		
Custodian of Petty Cash				X		
Petty Cash Replenishment			X	X		
Audits Petty Cash			X	X		
Bank Reconciliation			X	X		
Maintains General Ledger			X	X		
Prepares Financial Reports			X	X		
Approves Financial Reports			X			
Audit Resolution		X	X			
Payroll			X	X		

\* Executive Committee

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**SUB-RECIPIENT AUDIT REVIEW**

**AUDITEE:**

AUDIT PERIOD:

REVIEW: Independent Auditor's Report \_\_\_\_\_

Schedule of Expenditures \_\_\_\_\_  
(Comparison of WIOA expenditures listed with WIB records)

Compliance and Internal Controls \_\_\_\_\_

Schedule of Findings and Questionable Costs \_\_\_\_\_

Findings/Follow-Up Activities:

\_\_\_\_\_  
Reviewed By

\_\_\_\_\_  
Date

\_\_\_\_\_  
Approved By

\_\_\_\_\_  
Date

**XXXI. Travel and Expense Reimbursements**

A. Refer to Personnel Manual for Regulations.

**XXXII. Incident Reporting**

- A. Any activity that raises questions or concerns about possible illegal expenditures or other unlawful activities should be reported immediately to the Bureau of Workforce Development Programs.
- B. The Bureau, on behalf of the Governor, shall report all incidents to USDOL. SCWIB should complete Attachment #1-1, on pages 10-2 of the Bureau of Workforce Investment's Financial Management Technical Assistance Guide.

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**XXXIII. Technical Assistance Guide**

- A. The Commonwealth of Pennsylvania Department of Labor and Industry, Bureau of Workforce Investment, issued March 21, 2003, the Financial Management Technical Assistance Guide (TAG).
1. This guide is designed for the Commonwealth's workforce development system to provide operational guidance, strengthen fiscal accountability, and provide necessary information for analyzing, monitoring, and evaluating the WIOA (WIOA).

**XXXIV. Fund Balance Designation**

- A. On April 24, 2012, The Admin & Finance Committee passed a resolution policy that SCPa Works' fund balance will be designated "Restricted." Restricted funds must be spent per the regulations of each specific grant and its enabling legislation.
1. All SCPa Works' assets have been purchased with grant funds. Technically, these assets must be returned to the Commonwealth of Pennsylvania and are not the property of SCPa Works.
  2. SCPa Works has no assets of its own or fund balance.
- B. On April 30, 2012, the Admin & Finance Committee passed the following resolution concerning Unrestricted Fund Balances:
1. SCPa Works must maintain all unrestricted funds in a separate bank account.
  2. All expenditures of unrestricted funds must be reasonable and legal in nature and must be in support of the intended purpose of the unrestricted funds.
  3. The Admin & Finance Committee must approve all expenditures of unrestricted funds in advance.

**XXXV. Summary of Changes:** These fiscal policies are reviewed annually by the SCPa Works Policy Department for necessary changes, edits, updates, and revisions.

Date of Change:	Changed by:	Summary of Change(s):	Effective Date
07/18/2023	 Saranne Miller	Reviewed for changes. Completed grammatical edits.	07/18/2023
12/8/2023	 Saranne Miller	<ol style="list-style-type: none"> <li>1. VII(A)(1) Added Compliance procedures</li> <li>2. VII(E) Added corrective action references</li> <li>3. VIII(A)-(C) Added standards and processes surrounding debt collection practices</li> <li>4. XIV 2 CFR 200 cost allocation plan (CAP)</li> <li>5. XXIII – Referenced procurement policy</li> <li>6. XXVII(E) Added DEI section</li> </ol>	02.08.2024
01/31/2024	 Saranne Miller	Accepted track changes submitted by Todd Truntz.	02.08.2024

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