

## Financial Management Policy #P-30-11.22

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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)



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### **I. Fiscal Management Goals**

- A. South Central Workforce Investment Board (herein “SCPa Works” or 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’ 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’ 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.

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## **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
  - 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 of Directors of SCPa Works oversees and authorizes the administration and operations of SCPa Works, which is a Pennsylvania nonprofit corporation 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 (c)(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.

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**IV. Annual Operating Budget**

**A. Planning**

1. The staff will formulate the preliminary budget. The Administration and 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 of SCPa Works is the Director of Finance 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 Director of Finance 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. Revenue variances that could adversely affect community services will be reported to the CEO and the Administration and Finance Committee.
  - a. An emergency Administration and Finance Committee meeting will be held to develop a plan of action and implement a schedule regarding the affected levels of services and staff.

**V. Budget Implementation**

**A.** The Board places the responsibility for administering the operating budget, once adopted, with the CEO.

1. To allow the CEO to administer and control the budget effectively and efficiently, the following principles shall be followed:
  - a. The CEO 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 regular 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 State 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 the SCPa works General Procurement Policy #P-32-1.23

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**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 in accordance with the SCPa Works General Procurement Policy.
  - 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 on 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.
- B. Under the TAG and OMB, A-133, SCPa Works shall ensure that subrecipients expending \$300,000 or more in Federal funds obtain an independent audit of their records.
- C. SCPa Works shall review 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 provided to SCPa Works by a subrecipient may result in a suspension of payment.
- D. SCPa Works shall adhere to the audit resolution process outlined in the TAG and the ETA Grant and Financial Management Guide of the Commonwealth of Pennsylvania, Department of Labor and Industry, as amended (herein the “Financial Management Guide” for subrecipients).
- E. Findings, disallowed expenditures, and ineligible activities or participants identified during an SCPa Works Compliance Department review shall be subject to the consequences and resolution process found in the SCPa Works Oversight and Monitoring #P-5-3.22.

**VIII. Debt Collection**

- A. SCPa Works has the authority to make the final determinations on debt-related scenarios with subrecipients of federal or non-federal grants.
  - 1. SCPa Works’ decision to allow or disallow questioned costs and the resolution of any nonmonetary findings concerning Federal or non-federal determinations is at the discretion of SCPa Works.

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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 shall adhere to the required controls specified in 20 CFR 683.420 (a)(i) as its process for collecting debts from subrecipients when applicable and necessary, including, but not limited to the following points of action:
  1. Notification issuances to subrecipients of the establishment of debt;
  2. Provision of final notices that provide notification that payment is officially delinquent;
  3. Provision of three subsequent payment request letters to the subrecipient at no less than successive 30 calendar day intervals;
  4. Establishment of an outstanding debt line item within SCPa Works' financial statements;
  5. Establishment of standards and specifications for terminating, compromising, and litigating debts; and
  6. Establishment of a process for maintaining a permanent record of all debt collection cases and current statuses.
- C. Infractions against a contracted service provider, and an outline of corrective action procedures, can be found in the SCPa Works Oversight and Monitoring Policy #P-5-3.22.
- D. SCPa Works shall remain responsible for all WIOA-funded subrecipient 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 shall take action to collect debt within six (6) months of a finding through the issuance of a corrective action letter from SCPa Works to the subrecipient that details the nature of the debt, the reasons for the decision, and the subrecipient's expected corrective actions to include a designated timeline in which corrective actions must be accomplished.
- F. Sanctions may include but are not limited to debarment, litigation, or referral to a collection agency.
- G. In adherence to documentation standards, SCPa Works shall establish an outstanding debt line item in the financial statement when debt occurs.
- H. Documentation related to debt collection is maintained in the subrecipient file and risk assessment data located on the SCPa Works Google Drive.
- I. Subrecipients 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.
- J. 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 CEO.
  1. SCPa Works shall not utilize manual signatures on checks.
- B. The CEO shall receive reimbursement for business purchases via automated clearinghouse (ACH) payments, which shall be approved by the Director of Finance.

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- C. Electronic signatures shall be scanned and maintained within a secure computer system accessible only by the Director of Finance.
- D. If SCPa Works subcontracts check-writing services to a bank, payroll processing agency, or other vendor, the service provider shall be required to show their controls for signing checks and provide proof of adequate internal controls and insurance coverages. E. The signing of blank checks shall not be permitted.
- F. All voided or spoiled checks shall be marked and retained, and the signature section shall be removed and destroyed.
- G. 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.
- H. The disbursement of funds electronically is another payment method in addition to issuing checks. Two fiscal department employees are needed to process each electronic payment if electronic payments are utilized.
  - 1. Each designated fiscal department employee will have a password to access the electronic payment system. One employee will identify the payments that are to be made electronically and place funds into the electronic payment system for payment. The second employee will access the electronic payment system and approve the processing of the payments that have been placed in the electronic payment system for payment.

**X. Bonded Employees and Officers**

- A. SCPa Works shall maintain a blanket bond of \$3,000,000 for coverage of its members, officers, and employees.

**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 of the "Fiscal" users group is decided by the Director of Finance or the CEO.

**XII. Computer Disaster Recovery Plan**

- A. SCPa Works shall maintain regulatory compliance with the recovery of data in the event of disaster, as referenced and detailed in the SCPa Works Disaster Recovery Plan, which may be updated by the Board from time to time.

**XIII. Computer Access and Security (reference IT Policy in Personnel Manual) & FMG A.**

The SCPa Works computer system and network are password protected.

1. Processes and requirements regarding computer network access and security are detailed in the SCPa Works IT Policy as updated by the Board.
2. SCPa Works shall adhere to all regulations concerning IT security systems as provided in the current Financial Management Guide.

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

**A.** SCPa Works will allocate common costs benefiting more than one funding source.

1. The SCPa Works allocation process is based on the approved SCPa Works Cost Allocation Plan.
2. The SCPa Works Cost Allocation Plan shall be reviewed on an ongoing basis, amended as needed, and approved by the Board. **B.** Allowable costs are identified in 2 CFR 200.420-476.

**B.** SCPa Works is authorized to charge administrative costs in accordance with the Uniform Guidance, at 2 CFR 200.414(f), which 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.

1. 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.
2. For administrative costs of WIOA formula funds and EARN, the de minimis rate cannot exceed 10% of the final cost objective of the grant.
3. 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 nonpersonnel costs.
4. 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 )
5. 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.

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- D. The Board may elect to use the services of more than one bank.

**XVI. Uncashed Checks**

- A. Checks that remain uncashed after 180 days will be negotiated by the vendor or returned to SCPa Works.
- B. By statute, checks that remain unpaid in SCPa Works' bank accounts will be reported to the Treasurer of the Commonwealth of Pennsylvania under the Unclaimed Property Act.
- C. Uncashed checks will be reported Treasurer of the Commonwealth of Pennsylvania after a five (5) years , and payroll checks after a three (3) years .

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

- A. Employees of SCPa Works are prohibited from endorsing 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. All SCPa Works Board members, officers, employees, and agents are subject to and are required to comply with the current SCPa Works Code of Conduct and Conflict of Interest Policy #P-2911.22.

**XIX. Financial Reporting**

- A. Monthly and quarterly financial status reports shall be prepared and submitted to the Commonwealth of Pennsylvania, Department of Labor and Industry (herein the "State") and used for internal SCPa Works use. Quarterly reporting to the Board will consist of the Summary of Grant Expenditures and SCPa Works Administrative/Operational Budget Statement. Reports will be prepared and presented by the Director of Finance.
- B. The Board may request other Financial Reports as deemed necessary.
- C. Pursuant to Federal Regulation 29 CFR § 97.41, all expenditures must be reported on an accrual basis in reporting information to the State as follows.
  - 1. Through the Financial Status Report reporting process.
  - 2. The reporting of accrued expenditures shall include all SCPa Works administrative expenditures, such as payroll and employee travel.
  - 3. All subrecipient expenditures must be reported on an accrual basis.

**XX. Insurance Coverage**

- A. The Board shall maintain the following insurance coverages:.
  - 1. Directors' 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

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- B. SCPa Works may renew policies annually or may choose to procure coverages each year or as it sees fit.
- C. Upgrading or downgrading of policies and recommendations for renewal or replacement require Board approval.

## **XXI. Payment Procedures**

- A. All vendors shall provide invoices for materials, supplies, services, and equipment after delivery to SCPa Works.
  - 1. Invoices must be signed or accompanied by a signed copy of the delivery receipt, and shall be mailed or emailed to SCPa Works' main address.
- B. In instances of partial shipment, an invoice for the merchandise that has been delivered and a 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 Director of Finance shall then approve the purchase order if funds are available, and the CEO shall then approve the purchase.
    - b. When invoices are received, they shall be scanned into SCPa Works' database and forwarded to the appropriate Program Managers for approval. Program manager approval verifies that the goods or services have been received, and the approved invoice is then forward to the accounts payable department for payment processing.
  - 2. **Grant Recipient Expenses**
    - a. Invoices are either received via mail or email.
      - i. The invoices are scanned into SCPa Works' database.
    - b. The invoices are forwarded to the responsible Program Manager for review and approval.
      - i. Upon approval of the invoice, the Program Manager will forward the approved invoice to the accounts payable department for payment processing.
    - c. Most grant recipient invoices are paid based on cost reimbursement basis, and SCPa Works requires proper documentation to be submitted, and invoiced amounts must be within the funding limits of the specific contract. **D.** All approved invoices shall be entered into the accounts payable system.
- 1. A request to draw funds will be processed with the State, which are normally received within seven days of request.
- 2. Disbursement of funds, either electronically or by check, will occur within seven days of receipt of funds

## **XXII. Payroll Procedures**

- A. SCPa Works may contract payroll services with established payroll processing firms approved by the Board.

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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 shall be reconciled and approved by the Director of Finance.
- B. All regular employees, 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 Fridays.
  3. All employees of SCPa Works are required to utilize direct deposit payments.

### **XXIII. Procurement System**

- A. SCPa Works shall adhere 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 in accordance with the provisions that follow:
  1. Sale of Property
    - a. Items having a current unit value of \$10,000.00 or more shall be appraised by an independent source to ascertain fair market value, in alignment with the SCPa Works General Procurement Policy #P-32-1.23 and under state approval.
    - 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 \$10,000.00 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. A certified public accountant retained by SCPa Works will establish acceptable depreciation methods to determine fair market value of property.
    - g. Property purchased with WIOA funds will be disposed of in accordance with State guidelines.
  2. Trade-in Property
    - a. Property may be purchased through the trade or exchange of SCPa Works property provided that consideration for the traded property is equal to its fair market value .
  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 value of the traded property.

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## **XXV. Annual Inventory**

- A. All property with a single unit cost of \$5,000.00 or greater shall be tagged with an appropriate inventory label upon receipt.
- B. A property log showing the inventory of these items will be maintained.
- C. An annual inventory of all property with a single unit cost of \$10,000.00 or more shall be reported to the State.
- D. Electronic devices will be depreciated over three years, and furniture/furnishings shall be depreciated over seven years.
- E. In addition, a local inventory of items valued at \$5,000.00 or above, including all computers, servers, printers, and other technology items regardless of value, will be maintained.
  - 1.
- F. Purchasing Authority
  - 1. Subject to the SCPa Works Procurement Policy the CEO is authorized by the Board to approve expenditures for any item having a unit cost of \$24,999.00 or less from the general operating budget, which may be required to conduct efficient operations within SCPa Works.
  - 2. The Director of Finance shall supervise purchasing in accordance with the SCPa Works Procurement Policy. Purchases over \$750 will require issuing a purchase order and approval signatures from the Director of Finance and the CEO. G.
- H. In accordance with State procedures, the SCPa Works will utilize the current approved vendor list for all purchases.

## **XXVI. Program Income**

- A. This section outlines 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 program income may be deducted from 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 that 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:

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- 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.
  - 2. Interest Income - Interest Income generating 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 the Director of Finance subject to the provision of this Policy.
  - 3.
  - 4. Patent and Trademark Amendments apply to inventions made under an experimental, developmental, or research award.
- E. Program Income Procedure
  - 1. SCPa Works shall apply the following guidelines to account for revenue and costgenerating Program Income.
    - a. SCPa Works shall utilize a net income method to account for program income.
    - b. With the net income method approach, costs incidental to generating program income shall be netted against or deducted from gross program income to determine the amount of net program income.
  - 2. Program Income shall be tracked separately within SCPa Works accounting records.
  - 3. Net Program Income shall be recorded in the appropriate program income account, and the incidental costs to generate the program income are not to be 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 WIOA.
- B. As a recipient of federal funds, SCPa Works shall establish systems for the request, retention, and disbursement of federal funds after reimbursement requests are submitted as required.
- C. Cash Depositories shall be administered using only the following:
  - 1. Banks insured by the Federal Deposit Insurance Corporation (FDIC).
  - 2. An institution insured by the Federal Savings and Loan Corporation.
  - 3. A credit union insured by the administrator of the National Credit Union Administration (NCUA).
- E. Opening of a bank account shall be reviewed and approved by the CEO.
- F. SCPa Works shall maintain one or more insured, interest-bearing bank accounts for the deposit of WIOA and other grant funds.
- G. SCPa Works' accounting system shall accurately account for refunds, credits, and revenue categorized 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;

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2. The best reasonably available interest-bearing account would not be expected to earn interest over \$500 per year on federally funded cash balances;
3. The depository institution would require an average or minimum balance so high that it would not be reasonable within the amount of 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.
- I. SCPa Works shall manage 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 may be made by SCPa Works for reimbursement of expenses paid with other fund sources.
- J. 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 of the subrecipient to carry out the program.
  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.
- K. The U.S. 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 seven (7) calendar days of receiving the cash. K. Procedures for WIOA cash (draw) requests include the following practices:
    1. Requests shall be on a periodic request for fund through the Commonwealth Workforce Development System (CWDS).
    2. For WIOA non-formula contracts, requests must include supporting documentation that justifies the draw.
    3. All payment requests must be timed to coincide with cash needs and to ensure no excess cash is drawn.
- L. 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.

#### **XXVIII. Records Retention**

- A. SCPa Works shall comply with 29 CFR Parts 95 and 97 and local regulations as detailed in the SCPa Works Records Retention Policy #P-37-10.24.

#### **XXIX. Credit Card Policy**

- A. SCPa Works manages one or more corporate credit cards issued by financial institutions approved by the Board.
  1. The primary use of corporate credit cards is for purchases that require pre-payment, such as travel reservations, training registration, communication charges, and various small purchases and services that require a credit card.

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2. Credit card purchases are invoiced monthly by the issuer be approved by the Director of Finance and paid monthly.
3. SCPa Works authorizes the receipt of credit card payments and donations via the acceptance of electronic payments.

**XXX. Contract Lifecycle Management**

- A. The SCPa Works contract management process encompasses all aspects of a contract lifecycle from Request for Proposal (RFP) to the close of the contract and is detailed in the SCPa Works Contract Lifecycle Management Standard Operating Procedure (SOP).

**XXXI. Travel and Expense Reimbursements**

- A. Refer to the SCPa Works Personnel Policy and Procedure Manual, as amended, regarding policy and procedures for travel and expense reimbursement.

**XXXII. Incident Reporting**

- A. Refer to the Financial Management Guide and the SCPa Works Incident of Fraud Reporting Policy #P-9-7.22 regarding the reporting of incidents of fraud and/or waste.

**XXXIII. Technical Assistance Guide**

- A. The C Financial Management Guide.
- B. The Financial Management Guide provides operational and fiscal guidance, fiscal accountability, and provides necessary information for analyzing, monitoring, and evaluating WIOA grant funds.

**XXXIV. Fund Balance Designation**

- A. On April 24, 2012, the Board passed a resolution designating certain SCPa Works' fund balances as "Restricted."
  1. Restricted funds must be spent per the regulations of each specific grant and its enabling legislation.
  2. SCPa Works' assets that have been purchased with grant funds These must be returned to the State and are not the property of SCPa Works.
  - 3.
- B. On April 30, 2012, the Board passed the following resolution concerning Unrestricted Fund Balances:
  1. SCPa Works must maintain all unrestricted funds in a separate bank account(s).
  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 Administration and Finance Committee must approve all expenditures of unrestricted funds in advance.

**XXXV. Segregation of Duties**

- A. SCPa Works employs the segregation of fiscal duties set forth in the following worksheet, which is intended to provide a general flow of the duties within the fiscal department and to provide who has primary responsibility for a defined duty (P) and who has secondary responsibility (S).
- B. It is the intent of SCPa Works to provide a system of checks and balances to ensure the maximum segregation of fiscal duties as possible.

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Segregation of Duties Worksheet:

Staff Members' Names and Position Titles	Accountant	Director of Finance	Chief Executive Officer	Office Manager	Operations Specialist	Software Support Specialist	Chief Information Officer	Virtual Chief Information Officer			Comments
<b>Mail:</b>											
Who receives and opens the mail?				S	P						
<b>Computer Access Controls Relating to the Accounting and Payroll Systems:</b>											
Who has authority to change passwords?							P	S			
Who sets the parameters for computer access?							S	P			
Who has access to the accounting and payroll systems?	S	P		S	S		S				
<b>Budget:</b>											
Who approves the WIOA budget(s)?		S	P								
Who completes a WIOA budget to actual comparison? <b>Please note how often in comments</b>	S	P									Monthly
Who prepares the WIOA budget revision?	S	P									
Who approves that WIOA budget revision?		S	P								
Who approves the Operating Budgets (OB)?		S	P								
Who completes a budget to actual comparison? (OB) <b>Please note how often in comments</b>	S	P									Monthly
Who prepares the operating budget revision? (OB)		P					S				
Who approves the operating budget revision? (OB)		S					P				
<b>Purchases and Expenses:</b>											
Who, within the organization, can initiate purchases?				P	S						
Who, within the organization, can approve purchases?		S	P								
If a person is able to initiate and approve purchases, then who approves his/her purchases?		S	P								
If a person is able to initiate purchases and process invoices for payment, who approves his/her requests?		S	P								
Who processes invoices or request for payment?	P	S									
Who prepares the accounts payable checks?	P	S									
Who compares the invoice with the check for accuracy?	P	S									

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Who signs the checks/authorizes EFTs?			P									Electronic signatures, Secondary is Chief Elected Officer
If someone does not sign the checks, who is the custodian of the check plate or stamp?	S	P										Signature template is maintained in the accounting system
If the signature is electronic, who has access?	S	P										
Who distributes the checks to the vendors?	P	S										
Who prepares the payroll checks (If a third-party vendor, which LWDB staff reviews the payroll)?	S	P		S								Pay is transmitted electronically via Paycor. Staff listed perform pre-processing reviews
Who processes payroll, i.e., adding, ordering payment?	S	S		P								
Who distributes payroll checks, if applicable?												Electronic
Who is authorized to purchase using a corporate card (List all authorized users in the comments section)?			P	P	P		P					
<b>Staff Members Names and Positions</b>	<b>, Accountant</b>	<b>Director of Finance</b>	<b>, Chief Executive Officer</b>	<b>, Office Manager</b>	<b>Operations Specialist</b>	<b>Software Support Specialist</b>	<b>Chief Operating Officer</b>	<b>Chief Virtual Information Officer</b>				<b>Comments</b>
<b>General Ledger:</b>												
Who updates the General Ledger with Payroll?	S	P										
Who updates the General Ledger with Accounts Payable?	P	S										
Who updates the General Ledger with Revenue?	S	P										
<b>Supplies:</b>												
Who verifies purchase orders to receiving orders?				P	S							
Who maintains inventory?				P	S			S				
Who completes a reconciliation of the inventory?				P	S			S				

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<b>Financial Management System:</b>											
Who has access to the FMS system?	S	P									
Who determines the amount of funds to be requested?	P	S									
Who approves the request for funds?	S	P									
Who submits the request for funds on the FMS system?	P	S									
Who prepares the FSR?	S	P									
Who approves the FSR?	S	P									
Who enters the FSRs into the FMS system?	S	P									
<b>Cost Allocation and Reimbursable System:</b>											
Who has access to the CARS system?	S	P									
Who determines the amount of funds to be requested?	S	P									
Who approves the request for funds?	S	P									
Who submits the request for funds on the CARS system?	S	P									
Who prepares the CARS OB?	S	P									
<b>Miscellaneous Duties:</b>											
List names of bank accounts in comments and identify the person responsible for reconciling the bank account.											
1. General Account	P	S									
2. Payroll Account	P	S									
3. Other	P	S									
Who approves the bank reconciliation?											
1. General Account	S	P									
2. Payroll Account	S	P									
3. Other	S	P									
Who is the custodian of the petty cash?											N/A no petty cash
Who approves the petty cash account transactions?											N/A no petty cash
Who requests replenishment of the petty cash fund?											N/A no petty cash
Is funding received via EFT or check? If by check, then who receives those checks?											EFT
Who deposits the checks?	P	S									





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Summary of Changes: This fiscal policy is 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	VII(A)(1) Added Compliance procedures VII(E) Added corrective action references VIII(A)-(C) Added standards and processes surrounding debt collection practices XIV 2 CFR 200 cost allocation plan (CAP) XXIII – Referenced procurement policy XXVII(E) Added DEI section	02/08/2024
01/31/2024	 Saranne Miller	Accepted track changes submitted by Todd Truntz.	02/08/2024
04/22/2025	 Saranne Miller	<ol style="list-style-type: none"> <li>1. Removed “Diversity, Equity, and Inclusion” provisions from the Policy.</li> <li>2. Reformatted the policy in its entirety.</li> <li>3. Replaced “Comptroller” with “ Director of Finance”</li> <li>4. Replaced “Executive Director” with “CEO”</li> <li>5. Replaced “SCWIB” with “SCPa Works”</li> <li>6. Updated dollar thresholds in the XXV Annual Inventory section to be consistent with updated State policy and the SCPa Works Procurement Policy</li> <li>7. Replaced “business days” with “calendar days”</li> <li>8. Referenced updated Segregation of Duties</li> <li>9. Referenced updated Summary of Grant Expenditures</li> <li>10. Referenced updated Cost Allocation Plan</li> <li>11. Referenced updated Disaster Recovery Plan</li> <li>12. Referenced updated Oversight and Monitoring Policy</li> <li>13. Indicated that the Director of Finances approves all ACH expenditures</li> <li>14. Added references to SCPa Works policies throughout</li> </ol>	05/01/2025

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