

North Central Workforce Development Area

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LOCAL DIRECTIVE

Directive #: <u>16-145</u>	Date: <u>7/01/2016</u>
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TO: SkillSource Staff and Service Providers

FROM: Dave Petersen, Executive Director

SUBJECT: Allowable Cost Policy

SUPERCEDES: Allowable Cost Directive 09-87

Effective Date: 7/01/2016

All North Central Workforce Development Area WIOA Title subrecipients and contractors must abide by 20 CFR 683.200, the "One Stop Comprehensive Financial Management Technical Assistance Guide" (TAG), the uniform guidance at 2 CFR part 200 and appendices I through XI, including any exceptions identified at 2 CFR part 2900, applicable State policies (Revised Code of Washington and Washington Administrative Code), and the Washington State WIOA Title I policies.

POLICY

Allowable Costs

Expenditures of WIOA Title I funds are allowable only for activities permitted by applicable Federal policy. Allowable activities include basic, individualized and follow-up career services, training services, and supportive services identified at WIOA Section 134(c) (2) and (3).

Allowable supportive services and needs-related payments funds use are identified in Section 134(d) (2) and (3) and in WIOA Policy 5602 – Supportive Services and Needs- Related Payments.

Allowable activities for the youth program are identified in WIOA Section 129.

General principles and guidance on selected costs and on allowable and unallowable costs are provided in 2 CFR Part 200 (Sections 200.420-200.475); prohibited activities are specified in 20 CFR Parts 683.235 through 683.270 and 679.410.

Prior Approval of Certain Costs

Some equipment and capital expenditures are allowable only if approval is granted prior to the purchase. 20 CFR 683.200(b) (2) delegates the authority for granting prior approval for those selected items to the Governor or his designee.

20 CFR 683.235 prohibits the purchase or construction of facilities, except with the prior written approval of the Secretary. Some exceptions regarding renovation and repair are permitted as detailed in this section.

In accordance with State Policy 5261 Revision 1, Employment Security Department requires that all entities receiving WIOA funds request and obtain prior approval for all single item equipment and capital improvement purchases that cost \$5,000 or more

Capital expenditures that are not charged directly to a Federal award may be recovered through or depreciation on buildings, capital improvements and equipment

If a purchase requires prior approval, submit request in writing to:

Laura Leavitt, Financial Director
SkillSource
P.O. Box 2360
Wenatchee, WA 98807-2360

If a purchase requires State prior approval, the FD will submit a written request for:

Allowable Cost and Prior Approval to:

Workforce Initiatives Division
Employment Security Department
P.O. Box 9046
Olympia, WA 98507-9046

DEFINITIONS

OMB Uniform Guidance 2 CFR Part 200;

Section 200.12 defines capital assets as tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include;

- (a) Land, buildings, equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital lease; and
- (b) Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance)

Section 200.13 defines capital expenditures as expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations,

renovations, or alterations to capital assets that materially increase their value or useful life.

Section 200.33 defines "Equipment" as tangible personal property (including information technology systems) having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of (a) the capitalization level established by the non-Federal entity for financial statement purposes or (b)\$5,000.

REFERENCES

All fiscal policies and guidance letters published for WIOA are governed, as appropriate, under:

- Public Law 113-128
- 20 CFR Part 683.200
- 2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Federal Register Vol. 65, No.124, Resources Sharing for Workforce Investment Act One-Stop Centers
- Generally Accepted Accounting Principles (GAAP)
- WIOA Title I Policy 5602 – Supportive Services and Needs-Related Payments