



ALLOWABLE COSTS AND PRIOR APPROVAL

Workforce Innovation and Opportunity Act Policies and Procedures

EFFECTIVE DATE: February 16, 2019

POLICY #: F300

I. PURPOSE

This policy communicates the Workforce Development Council of Seattle-King County (WDC) local workforce development board policy and operational guidance regarding allowable costs and the requirement for prior approval of some costs under the Workforce Innovation and Opportunity Act (WIOA).

II. BACKGROUND

Costs are allowable when they are permitted, reasonable, and necessary to fulfill the functions of a given Federal program. This policy conveys to subrecipients and contractors the requirements for determining the allowability of costs and when and how prior approval must be obtained before making certain purchases.

III. DEFINITIONS

- A. **Equipment** – any single tangible, non-expendable item of personal property having a useful life of more than one year and an acquisition cost of more than \$5,000.
- B. **Capital Improvements** – 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.
- C. **Small and Attractive Asset** – any single tangible, non-expendable item of personal property in the following two categories:
 - 1. Assets with unit cost of \$300 assigned the following asset codes:
 - a. 7013 – Laptops and Notebook Computers;
 - b. 7014 – Tablets and Smart Phones; and
 - 2. Assets with unit cost of \$1,000 or more assigned the following asset codes:
 - a. 6710-6730 – Cameras and Photographic Projection Equipment;
 - b. 7012 – Desktop Computers (PCs);
 - c. 7730 – Television Sets, DVD Players, Blu-ray Players, and Video Cameras (home type)

IV. POLICY

- A. WDC staff, subrecipients and contractors receiving WIOA funds are expected to review all relevant federal, state and local guidance regarding allowable costs prior to making expenditures of WIOA and other funds.
- B. Expenditures of WIOA funds must only be made for activities permitted by the applicable WIOA Title and related regulations, the governing OMB Circulars, the governing Code of Federal Regulations, Generally Accepted Accounting Principles, and [Washington Workforce Policy 5260, Revision 2: Allowable Cost and Prior Approval Requirements](#).
- C. Allowable activities include basic, individualized and follow-up career services, and training services described in WIOA Law Section 134(c) (2) and (3), and supportive services and needs-related payments described 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 detailed in WIOA Law Section 129. Prohibited activities are specified in [20 CFR Sections 683.235 through 683.270](#) and [20 CFR Section 679.410](#).
- D. Expenditure of WIOA funds must be allowable. A cost is allowable if the cost
 - 1. Incurred in a manner consistent with policies and procedures that apply uniformly to both Federally funded and other activities of the subrecipient;
 - 2. Accorded consistent treatment - a cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost;
 - 3. Not used to meet matching requirements of any other federally funded program in any period;
 - 4. Adequately documented;
 - 5. Incurred in a manner consistent with all restrictions in the subrecipient contract;
 - 6. Incurred through standard procurement practices of the subrecipient that conform with all relevant Federal, State, and local requirements; and
 - 7. Free of conflict of interest as per the WDC conflict of interest policy.
 - 8. In addition to being allowable, the cost must be reasonable.
- E. Expenditure of WIOA funds must be reasonable. A cost is reasonable if
 - 1. In its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost;
 - 2. It is ordinary and necessary for performance of the contract;
 - 3. It is consistent with generally accepted sound business practices and arms-length bargaining.
- F. Expenditure of WIOA funds must be allocable. A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received. A cost is allocable to a Federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances and
 - 1. Is incurred specifically for the award

2. Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received or
3. Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.

Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.

- G. Capital improvements and single item equipment with a cost of more than \$5,000, including those identified in a fully executed contract between the WDC and a subrecipient or contractor, may only be purchased with written prior approval from the WDC. Subrecipients and contractors must provide the WDC sufficient time to adequately review and evaluate the request, and obtain approval from the Employment Security Department for approval in conformation with [WIOA Title I Policy 5260, Revision 2, Allowable Cost and Prior Approval Requirements](#) before making the purchase.
- H. The purchase or construction of facilities is prohibited, except with the prior written approval of the Secretary of the Department of Labor.
- I. The purchase of small and attractive assets does not require written approval, however, subrecipients are required to consult with the WDC project manager assigned to the contract prior to making such purchases to assure that the asset will meet the requirements of the WorkSource system and is not otherwise available in inventory. Subrecipients must project their needs for equipment and small and attractive objects annually when developing their budgets. Equipment and small and attractive items must be maintained as per the requirements of [WDC Policy 04-2002 V3 Property Management and Inventory](#). All other purchases are considered supplies and do not require prior approval or consultation. Failure to comply with these provisions may result in the withholding of payment or other recourse until the condition is corrected. If the condition is uncorrected the WDC will issue a Corrective Action. If the issue is not fully addressed in the timeframe specified, the WDC may initiate contract termination proceedings which could affect future funding.

V. REFERENCES (see [WIOA Title 1 Policy 5260, Revision 2](#) for additional references)

AUTHORITY	RULE OR REGULATION	REFERENCE AND WEBLINK
WA Employment Security Department	Allowable Cost and Prior Approval Requirements	WIOA Title 1 Policy 5260, Revision 2, May 9, 2018
WA Employment Security Department	Supportive Services and Needs Related Payments	WIOA Title I Policy 5602, Revision 2, October 3, 2017
Washington Office of Financial Management	Small and Attractive Capital Assets	Small and Attractive Capital Asset Risk Assessment Guidelines

Employment Training Administration (DOL)	One Stop Comprehensive Financial Management	Technical Assistance Guide Part II (TAG) .
Code of Federal Regulations	General principles and guidance on selected items and on allowable and unallowable costs	2 CFR Part 200
Code of Federal Regulations	Federal direction regarding cost principles and allowable activities funded under WIOA Title I	20 CFR 683.200
Code of Federal Regulations	Uniform guidance for recipients and subrecipients of a federal award under Title I of WIOA and Wagner Peyser	2 CFR parts 200, 215, 255, 230 and appendices I through XI , including any exceptions identified at 2 CFR part 2900 .
Code of Federal Regulations	Guidance for commercial organizations, for profit entities, and foreign entities that are recipients and subrecipients of a Federal award	2 CFR part 200 , including any exceptions identified by the Department under 2 CFR part 2900 , Federal Acquisition Regulations (FAR), including 48 CFR part 31 .
United States Congress	Workforce Innovation and Opportunity Act 2014	Public Law 113-128

VI. HISTORY

VERSION	DATE	ACTION AND APPROVALS
V.1	2/2002	Original version approved
V.2.	12/2018	Policy reformatted and administrative updates for state policy and WIOA references completed.
	2/16/19	V.2 published