



**South Carolina Department  
of  
Employment and Workforce**

**WIA FINANCIAL MANAGEMENT**

**AGENCY**

**PROCEDURES**

# **TABLE OF CONTENTS**

**PART 1 INTRODUCTION**

**PART 2 GENERAL OVERVIEW OF AWARD PROCESS**

**PART 3 STATE'S ALLOCATION OF WIA FUNDS**

**PART 4 TRANSFER AUTHORITIES**

**PART 5 EXPENDITURE/OBLIGATION REQUIREMENTS**

**PART 6 PAYMENT PROCESSING**

**PART 7 CASH MANAGEMENT**

**PART 8 FINANCIAL REPORTING**

**PART 9 DEBT COLLECTIONS**

**PART 10 CLOSEOUTS**

## **PART 1 – INTRODUCTION**

The Workforce Investment Act, known as WIA, is a federal program administered in South Carolina through the Employment and Training Division of the South Carolina Department of Employment and Workforce (DEW) and through 12 local Workforce Investment Areas (LWIA) throughout the state. This document provides a description of the financial controls and accounting procedures maintained by the DEW Finance Department to ensure the financial responsibilities under the Workforce Investment Act are fulfilled, and the proper disbursement of and accounting for funds are in compliance with both 29 CFR 97.20, Financial Administration, and 29 CFR 95.21, Standards for financial management systems, as well as other applicable laws and regulations.

## **PART 2 - GENERAL OVERVIEW OF AWARD PROCESS**

Recurring Federal funds are awarded annually from the US Department of Labor (DOL) / Employment and Training Administration (ETA) to the SC Department of Employment and Workforce (DEW) through grant agreements and associated Notices of Obligation (NOO) in three different funding streams for the Workforce Investment Act (WIA). The three funding streams are for the Adult, Dislocated Worker, and Youth programs. DOL awards these funds in five allotments throughout the program year (July 1st – June 30th). Allotments are by funding streams (Adult, Dislocated Worker, Youth) and funding source (PY - April 1, July 1; and FY - October 1). All of the Youth funds are allotted on April 1<sup>st</sup>; a portion, usually about 25%, of Adult and Dislocated Worker funds are allotted on July 1st, with the balance allotted on October 1st.

### ***PERIOD OF AVAILABILITY***

#### **STATE**

Funds allotted to the States for a program year are available for expenditure that program year and the two succeeding program years.

#### **LOCAL AREAS**

In the first year of the State's allotment, formula funds allocated to local areas under the WIA allocation formula are available for expenditure during the initial and the succeeding program years for a total of two (2) years.

#### **STATEWIDE RESERVE/GRANTEES**

These grants are generally awarded for only one year

## **PART 2 - STATE'S ALLOCATION OF WIA FUNDS**

In accordance with WIA Sections 128 and 133 and the regulations at 20 CFR 667.130, DEW allocates a percentage of each fund stream to 12 Local Workforce Investment Areas throughout the state. The remainder of the funds is used for miscellaneous statewide activities related to workforce development, statewide administration, and rapid response.

A new file is created and updated each year when the new funds are awarded. These allocation share spreadsheets are updated in order to calculate each LWIA's proportionate share of the annually awarded program year's formula funds. Data, such as areas of substantial unemployment, is used to update spreadsheet statistics. Once the statistics are updated, allocations for each fund stream are added to specific local area files. Allocation amounts are determined as follows:

Adult Funds

South Carolina uses the standard allocation formula: 33.33% for the number of unemployed for Areas of Substantial Unemployed (ASUs), 33.33% for the number of excess unemployed individuals or the ASU excess (depending on which is higher), and 33.33% for the number of economically disadvantaged adults, age 22-72.

Youth Funds

South Carolina uses the standard allocation formula: 33.33% for the number of unemployed for Areas of Substantial Unemployed (ASUs), 33.33% for the number of excess unemployed individuals or the ASU excess (depending on which is higher), and 33.33% for the number of economically disadvantaged youth, age 16-21.

Dislocated Worker Funds

South Carolina has chosen to distribute 70% of available funds by formula to local areas. The State uses the following weights for the six federally mandated factors:

- 30% Average Insured Unemployment Data for the most current year,
- 25% Unemployment Concentrations (ASU Statistics) for the most current year,
- 10% Mass Layoff Statistics data for the most current year,
- 5% Declining Industries Data thru the last 5 years,
- 5% Farmers / Rancher economic hardship data thru the most current year, and
- 25% Average Long-term Unemployment Data for the most current year.

The State Workforce Investment Board may also approve statewide activities or rapid response grants based upon need and requests for additional funds. These grants may have a shorter period for expenditure.

After the files are created for each funding stream, the calculation for the statewide portion is configured based upon the formula factors specified in the Act.

**INTERNAL ALLOCATION PROCESS**

Allocations to the Local Workforce Investment Areas (LWIA) are as follows:

Youth            Adult            Dislocated Worker

90%                    95%                    80%  
Ten percent of each funding stream may be used for LWIA administration.

Funds are retained at the state level as follows:

Youth	Adult	Dislocated Worker
5%	5%	5%

5% from each funding stream is used for statewide activities and for statewide administration. 15% of the Dislocated Worker funding stream is used to run the statewide rapid response and services to the dislocated worker population. The State Workforce Investment Board decides what percentage of Dislocated Worker funds will be kept at the state level for Rapid Response prior to the Program Year.

**1) Enter DOL Allotment into WIA Allotment Spreadsheet**

An award type fund ledger entry is made for each breakout of the individual allotments; Administration, Adult, Dislocated Worker, Youth, JAG, and Rapid Response.

**2) Update Allocation Share Spreadsheets**

The allocation share spreadsheets are updated in order to calculate each LWIA's proportionate share of the upcoming Program Year's formula funds. In order to complete these spreadsheets, there are several pieces of data needed from other agencies and divisions, such as ASU data, declining industry data, unemployment data, dislocated worker mass layoffs, farmer data, etc.

**3) Enter LWIA Allocations into WIA Spreadsheets**

Once the allocation amounts are determined, WIA Spreadsheets are updated to reflect the allocations to each LWIA by funding stream.

**4) Create/Update NFAs for LWIAs**

The Notice of Funds Authorization (NFA) serves as the award document that illustrates each area's allocation amount by funding stream for their formula grants. Once the allocations are entered, the NFAs can be generated and printed for the Finance file and sent to the Assistant Executive Director who will sign and submit to each LWIA for necessary signatures.

**5) Enter Statewide and Rapid Response Grant Awards into WIA Spreadsheets**

Once the State Workforce Investment Board approves a particular statewide initiative, statewide grants are awarded to miscellaneous grantees throughout the state in order to implement the overall initiative. Rapid Response grants are issued on an as-needed basis to LWIAs for assistance to serve dislocated workers. Individual Grant Awards, Budgets, and Statements of Work are drafted by the program staff and submitted to the Grants Accountant. The allocations are recorded into excel spreadsheets.

**6) Update WIA Spreadsheets**

The WIA spreadsheets for Rapid Response, Statewide Activities, Statewide Administration, and Local Formula funding are used to track fund availability, expenditures, commitments, and unobligated balances. These spreadsheets must be updated to reflect receipt of the DOL allotment and the current balance available to issue grants and are submitted to WIA programmatic staff on a monthly basis.

### **PART 3 - TRANSFER AUTHORITY**

#### **Youth Funds**

There is no authority for local workforce investment areas to transfer funds to or from the Youth Activities program.

#### **Adult and Dislocated Worker Funds**

Transfers between Adult and Dislocated Worker fund streams are allowable and must be approved by the State. LWIAs may not request Adult/Dislocated Worker transfers until after the October 1<sup>st</sup> allotment. USDOL allows LWIAs to transfer up to 30% of their funds between those two funding streams. South Carolina currently has a waiver that allows larger transfers. A copy of the waiver is submitted to Finance by the WIA Operations Manager. (Current waiver is 50%)

Although DOL allows LWIAs to use one funding stream for another program, the funds must be accounted for in the original funding stream.

The steps in accounting for an LWIA Adult/Dislocated Worker transfer are as follows:

**1) Approved Transfer Request Form**

The approval form must be completed by the LWIA and approved by the WIA Operations Manager before it is sent to the Grants Accountant.

**2) Generate/Print NFAs**

NFAs must be filed in the Finance file and sent to the Assistant Executive Director who signs them and submits them to the signatory in each LWIA. A signed copy is then sent to the GL Accountant for the Finance file.

#### **LWIA Administration Transfer Option**

Each LWIA is allocated administration funds from all three funding streams upon receipt of the DOL allotment. Some LWIAs may not need the entire 10% for administration and may choose to transfer a portion of the administration funds to program dollars. The following steps are necessary to complete an administration transfer:

**1) Obtain Transfer Request Form**

A Transfer Request form must be completed by the LWIA and approved by the WIA Operations Manager before it is sent to the GL Accountant.

**2) Enter Transfer on WIA Active Spreadsheet**

### **3) Generate/Print NFAs**

NFAs must be filed in the Finance file and sent to the Assistant Executive Director who will sign them and submit them to the signatory in each LWIA. A signed copy is returned to the GL Accountant for the Finance file.

## **PART 4 - EXPENDITURE/OBLIGATION REQUIREMENTS**

Local formula funds not expended by an area in the two-year local availability period must be returned to the State. This requirement includes both program and administrative funds. After receipt of the LWIA's closeout package at the end of the second year of availability, if an LWIA has not fully expended its funds in each of the funding streams, the State will issue a final grant adjustment de-obligating the unexpended funds and closing the grant.

Obligations are reported on the Financial Status Report (FSR) submitted by the local areas and are reported to the Operations Manager on a monthly basis for follow up. If less than 80% of new funds are obligated by the end of the program year, excess funds are recaptured.

### ***THIRTY PERCENT OUT-OF-SCHOOL YOUTH EXPENDITURE REQUIREMENT***

WIA requires that at least 30 percent of the youth funds allocated to a Local Area be "used to provide youth activities to out-of-school youth" (WIA Section 129(c4) (A); Final Rule 664.320). The 30 percent requirement applies to the total amount of all youth funds allocated to an LWIA, except for local area expenditures for administrative purposes.

If an LWIA uses some of its youth administrative funds for youth program expenditures, the total youth program availability is increased and the 30% out-of-school youth requirement is determined based upon this revised total. The Local Area's actual out-of-school youth expenditures indicated on their Financial Status Report are compared to the minimum 30% out-of-school youth expenditure level to determine compliance.

### ***DEOBLIGATION OF FUNDS***

The State retains the authority to approve the voluntary deobligation and subsequent redistribution of Title I Adult, Youth, and Dislocated Worker Local Area funds allocated to each LWIA under WIA Sections 128 and 133. Specifically, LWIAs may voluntarily request that WIA Title I Adult, Youth, and Dislocated Worker funds be deobligated from one or more of their respective program allocations. WIA funds made available as a result of a voluntary deobligation of funds will be provided to other local areas based upon a request for additional funds. For reference, voluntarily deobligated funds retain their year-of-appropriation identity and must be accounted for and reported accordingly. Approved requests for the voluntary deobligation of funds will result in the applicable grant being adjusted to indicate the deobligation from the respective program. The issuance of a revised NFA will also serve as the LWIA's official

notification that the voluntary deobligation is approved. Conversely, LWIAs will receive written notification of any request that is not approved.

### ***REQUEST FOR ADDITIONAL FUNDS***

A local workforce investment area (LWIA) may make a written request for Rapid Response funds to the Department of Employment and Workforce Development staff using the *Request for Rapid Response Funds Form*. Upon approval of the local area request, the Department of Employment and Workforce will enter into a grant with the LWIA. Additional Rapid Response funds are for the provision of direct services to participants or for additional staff who directly serve dislocated workers.

### **PART 5 - PAYMENT PROCESSING**

Generally, unless otherwise specified, grantees may submit to DEW a Request for Drawdown (RFD) up to twice a month for the previous month's actual expenditures as well as funds for any payments that will be made within a reasonable amount of time from receipt of the federal funds. The LWIA/grantee should allow ten to fifteen working days to receive requested WIA funds.

Prior to initial request for drawdown, DEW Finance must have a signed grant agreement/NFA on file. In addition, the following forms must be completed and submitted to DEW Finance:

- Authorized Signatures Form, giving specific individuals authority to sign checks and request payment
- Debarment Form (for grants \$25,000 or more)
- W-9 Form

Upon receipt of an RFD, the following steps are taken:

#### **1) Review RFDs**

RFDs are date stamped when received and the following items are verified; copy of signed award, Federal ID, grant number, grantee name, grant name, payment type, month ending date, grant period, award amount, balance amount, amount approved for another program, total revenues, and authorized signature.

For LWIAs, actual expenditure documentation includes a printout from the local area's accounting system. Staff verifies that any accrued expenditures claimed in the prior month have supporting expenditure documentation. For Statewide Grantees submitting a Request for Payment (RFP), paid detailed receipts/invoices are required for reimbursement.

Incorrect RFDs are not processed and are returned to the grantee.

## **2) Enter Disbursement on WIA Active Grant Spreadsheets**

An active spreadsheet is maintained for each grant.

All disbursements from LWIA formula funds and Rapid Response will be applied against the PY allotment first until completely depleted, and then applied against the FY allotment. This will ensure that the First In-First-Out (FIFO) method of accounting is used.

Disbursements for Statewide and Rapid Response grants are funded by the oldest funding streams available, but only one grant number is assigned.

## **3) Generate and Print Grant Report for the File**

An active grant spreadsheet will be attached to a copy of the RFD/RFP and maintained in the grant files.

## **4) Code RFD form/Key Payment into Accounting System**

Once the funding stream for each RFD has been determined, the bottom of the RFD form is completed with the DEW accounting codes that correspond to the DOL allotments (see Authorization Masters Listing). Once everything has been reviewed and is correct, it is signed, dated, and coded, the original is passed along to accounts payable to be keyed into the agency's accounting system. Each payment request should be keyed into the accounting system within five (5) days from receipt.

The grant expenditure data is updated as pay requests are submitted to the Grants Accountant; however, all other expenses (i.e. administrative) that are processed by Finance against these funds must be reconciled after month end. An accounting system financial report must be printed by account that corresponds with the grant type (see the Authorization Masters for fund code listing). The WIA Spreadsheets must balance back to the agency's accounting system. Any discrepancies are investigated and resolved.

## **PART 6 - CASH MANAGEMENT**

DEW uses the reimbursement method of payment for all WIA Funds requested from DOL/ETA. Sub-recipients and sub-grantees may only request enough cash to meet actual and accrued expenditures. Projections reported on RFDs must be expended within three (3) days or within a reasonable amount of time of the receipt of federal funds. Federal draws are made after the expenditure has been recorded and payment made to vendor/grantee from State accounts.

### ***FEDERAL DRAWS***

Draws should be made at least once a month from the U.S Department of Health and Human Services (DHHS) Payment Management System (PMS). Once draw process has begun, reports from the agency's accounting system are used to update a program year-to-date spreadsheet for

both receipts and expenditures. Expenditures, greater than receipts, are drawn from the Federal agency.

## **PART 7 - FINANCIAL REPORTING**

There are multiple monthly reports that are completed each month and submitted to the WIA programmatic staff to include: Local Adult, Local Dislocated Worker, Local Youth, Statewide Reserve, Statewide Administration, and Rapid Response. These reports are used to analyze state and local fiscal management and are reported on a Program Year basis.

The monthly reports have two components: a cash statement and a statement that includes accruals. The cash statement includes actual disbursements made through month end. The accrual statement includes reported actual and accrued expenditures (from LWIA) through a particular month end whether paid or unpaid.

### **Steps for Completion:**

1. Ensure that a Financial Status Report (FSR) is received for each active grant. Review for discrepancies and enter information into spreadsheets.
2. Reconcile actual disbursements.

FARS is the official book of record. Each funding stream is balanced to what is in FARS. SCEIS is the state accounting system. While SCEIS is the vehicle used for processing payments, it cannot handle the complex indirect cost and allocation process that is required at DEW by DOL.

3. Save all active spreadsheets as the corresponding month-end “back-up”. Files can be found on the shared drive. EX: S: WIA Finance: Monthly Financial Reports. Within the fiscal year file, there is a folder for each type of report (i.e. Adult, DW, etc.).
  - a. Within each type of report file, there is a folder for each fiscal month’s reports (i.e. FY11 - FM02 – PY 2010 June 2011 Expenditures)
  - b. The prior month’s report is resaved as the current month report.
4. Refer to all summary pages of active spreadsheets (Adult, DW, Youth, Statewide, and Rapid Response). These include:
  - a. Program Summary,
  - b. Admin Summary,
  - c. FY PY Break,
  - d. FSR Data,
  - e. Working Papers, and
  - f. Monthly Break
5. Review/update Reported Accruals and Cash Disbursements on the Grants Detail worksheet.

6. Review and Update (if applicable) the obligations on the Exp Rate – Obligations worksheet.
7. Update the Working Papers to show the reconciliation.
8. Refresh the fund utilization rate (FUR) pivot table and review the FUR table.
9. Review the Balance Sheets.

### ***FEDERAL REPORTING***

Program year-to-date spreadsheets, monthly spreadsheets and the agency's accounting system for receipts and expenditures are used by the Finance Grants Administrator to prepare the quarterly DOL/ETA Financial Reports (ETA-9130). Federal reports are due within 45 days of the end of each quarter.

**DEW is in the process of working with SCEIS to resolve the indirect cost and allocation issues. It is hoped that SCEIS will be approved as the book of record sometime in the future.**

### **PART 8 - DEBT COLLECTION**

The following procedures apply to any grant from WIA or TAA funds.

#### **Repayment and Adjustments in Payments**

The recipient/subrecipient/subgrantee agrees to be responsible to repay the Awarding Entity any funds received pursuant to the Act that are not spent in strict accordance with the Act and with all applicable Federal Regulations and OMB Circulars.

If any funds are expended by the recipient/subrecipient/subgrantee in violation of the Act, the Regulations or Grant Conditions, the Awarding Entity may require necessary adjustments in payments to the recipient/subrecipient/subgrantee. The Awarding Entity may request the return of unexpended funds which have been made available in order to assure that they will be used in accordance with the purpose of the Act or to prevent further unauthorized or unallowable expenditures, and may withhold funds otherwise payable under the Agreement in order to recover any unallowable amounts expended.

If no further payments would otherwise be made under the Agreement during the current or subsequent fiscal year, the Awarding Entity may request a repayment of funds used for unauthorized or unallowable expenditures. Repayments shall be made from non-WIA funds within **thirty (30) calendar days** of receipt of such request.

The Department of Employment and Workforce may contract **Governmental Enterprise Accounts Receivable Collections (GEAR)** to collect any outstanding liabilities owed the governmental entity. GEAR is the collection service performed by the Department of Revenue (DOR) on behalf of the Department of Employment and Workforce or any other State governmental entities. The GEAR program is administered similar to DOR's existing individual income tax refund offset program. With GEAR, governmental entity debt becomes treated just like any DOR tax debt, subject to the same collection tools available to DOR such as levy and garnishment.

## **PART 9 – CLOSEOUT**

Once all grant funds have been expended and/or expired, a closeout is submitted to DOL/ETA through the automated Grant Closeout System (GCS). Grant awards are balanced against the amounts requested over the three year availability period. The closeout package received from DOL is due within ninety (90) days after the expiration or termination date. Once the closeout package has been successfully submitted, the recipient will receive a confirmation message.