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200 New River Town Center
Beckley, WV 25801

Region 1 Workforce Development Board Policy Letter #25

Subject: Reconciling AJC Budget to Actual Costs

Effective Date: February 17, 2021

Overview:

List CFR and Sections

2 CFR 200.303 (a) States that a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

2 CFR 200.405 Allocable Costs(a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

(1) Is incurred specifically for the Federal award;

(2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and

(3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.

(a) All activities which benefit from the non-Federal entity's indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.

(b) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

(c) Direct cost allocation principles: If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required. See also §§200.310 through 200.316 and 200.439.

(d) If the contract is subject to CAS, costs must be allocated to the contract pursuant to the Cost Accounting Standards. To the extent that CAS is applicable, the allocation of costs in accordance with CAS takes precedence over the allocation provisions in this part.

The Workforce Innovation and Opportunity Act of 2014 (WIOA) requires all partners to contribute to infrastructure funding of the one-stop system in each Local Area. The one-stop system in West Virginia is comprised of the American Job Centers (AJCs). Contributions can be made in cash or in fairly evaluated in-kind contributions. Each Local WDB is required to establish a MOU with each partner in that Local Area.

Policy:

Region 1 Workforce Development Board will ensure that actual AJC partnership shared costs are reconciled with budgeted amounts on a quarterly basis as required by 2 CFR 200.303(a) and 2 CFR 200.405. Region 1 Workforce Development Board is responsible for ensuring that all AJC infrastructure costs are paid in accordance with the provisions of its signed MOUs. The costs for each partner are estimated based upon budgeted expectations. Therefore, each partner's proportionate share of actual AJC expenses is unknown at the beginning of a MOU period. The Region 1 Workforce Development Board will perform the following on a quarterly basis:

- Issue Contribution reports and In-Kind forms to AJC partners
- Reconcile actual AJC partnership expenses incurred to budgeted expenses
- Compare expenses incurred to relative benefits received

This policy will ensure that each partner program is consistently contributing their proportionate share compliant with the above- mentioned statutes, the MOU, and cost methodology of the Region 1 Workforce Development Board.

Expiration Date: Effective until rescinded or modified by the Region 1 Workforce Development Board.

Approved:	1.28.21	Executive Committee
	2.11.21	R1WDB Members
	2.17.21	LEO Members