

## WIOA CLUSTER

17.258 WIOA ADULT PROGRAM  
17.259 WIOA YOUTH ACTIVITIES  
17.278 WIOA DISLOCATED WORKERS

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### State Project/Program: WORKFORCE INNOVATION AND OPPORTUNITY ACT

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U.S. Department of Labor

**Federal Authorization:** Workforce Investment Act of 1998, Title I, Part Subtitle B,  
Section Chapters 4-5, Title I, Public Law 105-220, 20  
U.S.C. 9201

**State Authorization:** 04 NCAC 20B

**N. C. Department of Commerce  
Division of Workforce Solutions**

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**Note:** The Workforce Investment Act (WIA) was reauthorized as the Workforce Innovation and Opportunity Act (WIOA). The program currently is in transition. The auditor will find activities related to both Acts, depending on when the award that was the source of the funding was made. Sections I and II of this program supplement are based on the WIOA. Section III includes both WIA and WIOA requirements. The latter are based on the statutory language only. The Department of Labor issued proposed regulations to implement the WIOA on April 16, 2015.

<p><b>This compliance supplement should be used in conjunction with the OMB 2018 Compliance Supplement which will be issued in the summer. This includes “Part 3 - Compliance Requirements,” for the types that apply, “Part 6 - Internal Control,” and “Part 4 - Agency Program” requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.</b></p>
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## I. PROGRAM OBJECTIVES

The Workforce Innovation and Opportunity Act of 2014 (WIOA), which supersedes the Workforce Investment Act of 1998 (WIA), authorizes formula grant programs to States to help job seekers access employment, education, training and support services to succeed in the labor market. Using a variety of methods, States provide employment and training services through a

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network of NC Works Career Centers (formerly known as One-Stop Career Centers or by another name). The WIOA programs provide employment and training programs for adults, dislocated workers, and youth, and Wagner-Peyser employment services administered by the Department of Labor (DOL). The programs also provide adult education and literacy services that complement the Vocational Rehabilitation State grants awarded by the U.S. Department of Education that assist individuals with disabilities in obtaining employment and helps job seekers to achieve gainful employment. Youth employment and educational services are available to eligible out-of-school youth, ages 16 to 24, and low-income in-school youth, ages 14-21, that face barriers to employment.

## **II. PROGRAM PROCEDURES**

### **Subtitle B Statewide and Local Workforce Development Programs**

These programs provide the framework for delivery of workforce activities at the State and local levels to individuals who need those services, including job seekers, dislocated workers, youth, incumbent workers, new entrants to the workforce, veterans, persons with disabilities, and employers. Each State's Governor is required to establish a State Workforce Development Board and develop a unified State plan, also referred to as the combined State plan.

A Local Workforce Investment Board (local board) will be appointed by the chief elected official in each local area in accordance with State criteria established under WIOA Section 107(b), and must be certified by the Governor every 2 years. Each local board, in partnership with the appropriate chief elected officials, develops and submits a comprehensive 4-year plan to the Governor, which identifies and describes certain policies, procedures, and local activities that are consistent with the unified State plan. The plan must include a description of the NC Works Career Centers delivery system to be established or designated in the local area, including a copy of the local Memorandums of Understanding (MOU) between the local board and each of the NC Works Career Centers partners

(1) describing the operation of the local NC Works Career Center delivery system; (2) identifying the NC Works Career Center operator or entity responsible for the disbursement of grant funds; and (3) describing the competitive process to be used to award grants and contracts for activities carried out under Subtitle I of WIOA, including the process to be used to procure training services that are made as exceptions to the Individual Training Account process.

The agreement between the local board and the NC Works Career Center operator specifies the operator's role. That role may range from simply coordinating service providers within the center, to being the primary provider of services within the center to coordinating activities throughout the local NC Works Career Centers system. The NC Works Career Center operator may be a single entity or consortium of entities and may operate one or more NC Works Career Centers. In addition, there may be more than one NC Works Career Centers operator in a local area. The types of entities that may be selected to be the NC Works Career Centers operator include (1) an institution of higher education; (2) an employment service State agency established under the Wagner-Peyser Act on behalf of the local office of the agency; (3) a community-based organization, non-profit organization, or intermediary; (4) a private for-profit entity; (5) a government agency; and (6) another interested organization or entity, which may include a local Chamber of Commerce or other business organization, or a labor organization. The following Federal programs are required to be partners in the local NC Works Career Centers system: (1) programs authorized under Title I of WIOA;

(2) programs authorized under the Wagner-Peyser Act (29 USC 49 *et seq.*); (3) adult education and literacy activities authorized under Title II of WIOA; (4) programs authorized under Title I of the Rehabilitation Act of 1973 (29 USC 720 *et seq.*), other than Section 112, WIOA, or Part C of that title; (5) senior community service employment activities authorized under Title V of the Older Americans Act of 1965 (42 USC 3056 *et seq.*); (6) career and technical education programs at the postsecondary level authorized under the Carl D. Perkins Career and Technical Education Act of

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2006 (20 USC 2301 *et seq.*); (7) activities authorized under chapter 2 of Title II of the Trade Act of 1974 (19 USC 2271 *et seq.*); (8) activities authorized under chapter 41 of Title 38, USC; (9) employment and training activities carried out under the Community Services Block Grant (42 USC 9901 *et seq.*); (10) employment and training activities carried out by the Department of Housing and Urban Development; (11) programs authorized under State unemployment compensation laws (in accordance with applicable Federal law); (12) programs authorized under Section 212 of the Second Chance Act of 2007 (42 USC 17532); and (13) programs authorized under part A of Title IV of the Social Security Act (42 USC 601 *et seq.*).

WIOA also provides that other entities that carry out workforce development programs may serve as additional partners in the NC Works Career Center system with the approval of the local board and chief elected official. Additional partners may include: (1) employment and training programs administered by the Social Security Administration, including the Ticket to Work and Self-Sufficiency Program established under Section 1148 of the Social Security Act (42 USC 1320b19); (2) employment and administration programs carried out by the Small Business Administration; (3) programs authorized under Section 6(d)(4) of the Food and Nutrition Act of 2008 (7 USC 2015(d)(4)); (4) work programs authorized under Section 6(o) of the Food and Nutrition Act of 2008 (7 USC 2015(o)); (5) programs carried out under Section 112 of the Rehabilitation Act of 1973 (29 USC 732); (6) programs authorized under the National and Community Service Act of 1990 (42 USC 12501 *et seq.*); and (7) other appropriate Federal, State or local programs, including employment, education, and training programs provided by public libraries or in the private sector.

Each entity in a local area must (1) provide access through the NC Works Career Center delivery system to the one-stop career services; (2) use a portion of funds made available for the program and activities to maintain the NC Works Career Center delivery system, including payment of infrastructure costs; (3) enter into a local MOU with the local board relating to the operation of the NC Works Career Center system; (4) participate in the operation of the NC Works Career Center system consistent with the terms of the MOU and requirements of authorizing laws; and (5) provide representation on the State Workforce Development Board.

Career services are available at any comprehensive NC Works Career Center. Well-trained staff are co-located at each center, and cross-trained. Cost-reimbursement or other agreements between service providers at the comprehensive NC Works Career Center and the partner programs, as described in the unified State plan and the local MOU.

The workforce investment system established under WIA, and now reauthorized under the WIOA, focuses on better aligning its services with education and economic development, and creating a collective response to economic and labor market challenges on the national, State, and local levels. The eligible training provider process is part of the strategy for achieving these goals. A local board may not itself provide training services to adults and dislocated workers unless it receives a waiver from the Governor and meets the requirements of Section 106(b)(1)(B) of the WIOA. Instead, local boards, in partnership with the State, identify training providers and programs whose performance qualifies them to receive WIOA funds to train adults and dislocated workers. After receiving career services, and in consultation with case managers, eligible participants who need training use the eligible training provider list, which contains performance and cost information on training eligible providers, to make an informed choice.

Individual Training Accounts (ITAs) are established for eligible individuals to finance training through these eligible training providers. Payments from ITAs may be made in a variety of ways, including the electronic transfer of funds through financial institutions, vouchers, or other appropriate methods. Payments also may be made through payment of a portion of the costs at different points in the training course. Exceptions to the use of ITAs are permissible only where the services provided are for on-the-job or customized training; and where the local board determines that there is an insufficient number of eligible providers available locally.

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The ability of providers to successfully perform, the procedures State and local boards use to establish training provider eligibility, and the degree to which information, including performance information, on those providers is made available to customers eligible for training services, are key factors affecting the successful implementation of the statewide workforce development system.

ITA's are subject to review by the State monitors.

### Source of Governing Requirements

The WIA program is authorized by Title I of the Workforce Investment Act of 1998 (Pub. L. No. 105-220, 112 Stat. 936-1059; 29 USC 2811 *et seq.*). The WIOA program is authorized by Title I of the Workforce Innovation and Opportunity Act of 2014 (Pub. L. No. 113-128). The regulations for the WIA program are at 20 CFR parts 660-671. The proposed regulations for the WIOA program are at 20 USC parts 676 through 678 and 683.

### Availability of Other Program Information

Additional information on programs authorized under the Workforce Investment Act! Workforce Innovation and Opportunity Act can be found at [http://www.doleta.gov/programs/adult\\_program.cfm#wia](http://www.doleta.gov/programs/adult_program.cfm#wia). The *Planning and Policy Guidance* section is a particularly useful source of information on compliance issues.

## III. COMPLIANCE REQUIREMENTS

**The Type of Compliance Requirements can be found in Section B in the link: 2018 Agency Matrix for Federal Programs. This matrix incorporates the OMB Compliance Supplement “Part 2 - Matrix of Compliance Requirement.” A State Agency may have included a Y, even if the compliance requirement normally does not pass to a subrecipient, or an N, indicating that the compliance requirement normally does not apply. However, if specific information comes to the auditor’s attention that provides evidence that a compliance requirement could have a direct and material effect on the major program, the auditor should test it. This should arise infrequently.**

### A. Activities Allowed or Unallowed

#### 1. *Waivers and Workforce-Flexibility - Allowed*

##### a. WIA

- (1) The Secretary of Labor may waive statutory or regulatory requirements of the adult and youth provisions of the Act and of the Wagner-Peyser Act (29 USC 293 9(i)(4); 20 CFR sections 661.400 through .420).
- (2) Under an approved Workforce Flexibility plan, a Governor may be granted authority to approve requests for waivers of statutory or regulatory provisions of Title I submitted by local workforce areas (29 USC 2942; 20 CFR sections 661.430 and .440)).

##### b. WIOA

- (1) Under the Secretary of Labor’s general waiver authority (Adult, Dislocated Worker, and Youth Waivers), the Secretary may waive statutory or regulatory requirements of the adult and youth provisions of the WIOA

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and Sections 8 through 10 of the WagnerPeyser Act) (29 USC 49g through 49i) ((Section 1 89(i)(3), WIOA, 128 Stat. 1601).

- (2) Under an approved Workforce Flexibility plan, a Governor may be granted authority to approve requests for waivers of statutory or regulatory provisions of Title I submitted by local workforce areas (29 USC 2942; Sections 190(a)-(d), WIOA, 128 Stat.1602 *et seq.*).

### 2. *Statewide Activities - Allowed*

#### *WIA and WIOA —All Programs*

- a. Preparing the annual performance progress report and submitting it to the Secretary of Labor, as described in 20 CFR section 667.300(e) (WIA) and Section 116(d)(1), WIOA (128 Stat. 1476).
- b. Operating a fiscal and management accountability information system (20 CFR section 665.200(i); Section 116(i), WIOA, 128 Stat. 1481).
- c. Carrying out monitoring and oversight activities (20 CFR section 667.400; Sections 129(b)(1)(E), 134(a)(2)(B)(iv), and 184(a)(4), WIOA, 128 Stat. 1507, 1521, and 1591).

#### *WIA —All Programs*

Statewide workforce investment activities include (20 CFR sections 665.200 and .210):

- a. State administration of the adult, dislocated worker, and youth workforce investment activities.
- b. Providing capacity building and technical assistance to local areas, including local boards, NC Works Career Center operators, NC Works Career Center partners, and eligible providers.
- c. Conducting research and demonstrations.
- d. Establishing and implementing innovative incumbent worker training programs, which may include an employer loan program to assist in skills upgrading, and programs targeted to empowerment zones and enterprise communities. Providing support to local areas for the identification of eligible training providers.
- e. Implementing innovative programs for displaced homemakers and programs to increase the number of individuals trained for and placed in non-traditional employment.
- f. Carrying out adult and dislocated worker employment and training activities as the State determines are necessary to assist local areas in carrying out local employment and training activities.
- g. Carrying out youth activities statewide.
- h. Carrying out required rapid response activities.

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- i. Disseminating the following:
  - (1) The State list of eligible training providers for adults and dislocated workers.
  - (2) Information identifying eligible training providers of on-the-job training and customized training.
  - (3) Performance and program cost information about these providers.
  - (4) A list of eligible training providers of youth activities.
- j. Conducting evaluations of workforce investment activities for adults, dislocated workers and youth, in order to promote, establish, implement, and utilize methods for continuously improving such activities to achieve high-level performance within, and high-level outcomes from, the statewide workforce development system (Section 11 6(e)( 1), WIOA, 128 Stat. 1479).
- k. Providing incentive grants.
- l. Providing technical assistance to local areas that fail to meet local performance measures.
- m. Assisting in the establishment and operation of NC Works Career Center delivery systems, in accordance with the strategy described in the unified State plan.
- n. Providing additional assistance to local areas that have high concentrations of eligible youth.

### *WIOA —All Programs - Allowed*

Statewide workforce development activities include:

- a. *Required statewide youth activities.* Administration of youth workforce development activities (Section 129(b)(1), WIOA, 128 Stat. 1506 *et seq.*).
- b. *Other allowable statewide youth activities.* Providing technical assistance and career services to local areas, including local boards, NC Works Career Center operators, NC Works Career Center partners, and eligible training providers (Section 129(b)(2), WIOA, 128 Stat. 1507).
- c. *Required statewide adult dislocated workers' services.* Providing employment and training activities, such as rapid response activities, and additional assistance to local areas (Section 134(a)(2), WIOA, 128 Stat. 1520).
- d. *Other allowable statewide adult dislocated workers' services.* Establishing and implementing innovative incumbent worker training programs (Section 134(a)(3), WIOA, 128 Stat. 1522 *et seq.*)
- e. Providing support to local areas for the identification of eligible training providers, (Section 122(a)(2), WIOA, 128 Stat. 1493).

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- f. Implementing innovative programs for displaced homemakers and programs to increase the number of individuals trained for and placed in non-traditional employment (Section 134(c)(3), WIOA, 128 Stat. 1528).
- g. Carrying out adult and dislocated worker employment and training activities as the State determines are necessary to assist local areas in carrying out local employment and training activities (Section 134(a)(2), WIOA, 128 Stat. 1520).
- h. Carrying out youth activities statewide.
- i. Carrying out required rapid response activities (Section 134(a)(2)(A), WIOA, 128 Stat. 1520).
- j. Disseminating the following:
  - (1) The State list of eligible training providers for adults and dislocated workers.
  - (2) Information identifying eligible training providers of on-the-job training and customized training.
  - (3) Performance and program cost information about these providers.
  - (4) A list of eligible providers of youth activities (Section 122, WIOA, 128 Stat. 1492 *et seq.*)
- k. Conducting evaluations of workforce activities for adults, dislocated workers and youth, in order to promote, establish, implement, and utilize methods for continuously improving core program activities to achieve high-level performance within, and high-level outcomes from, the workforce development system (Section 116(e), WIOA, 128 Stat. 1479).
- l. Providing incentive grants (Section 134(a)(3)(A)(xi), WIOA, 128 Stat. 1524).
- m. Providing technical assistance to local areas that fail to meet local performance measures (Section 129(b)(2)(E), WIOA, 128 Stat. 1508).
- n. Assisting in the establishment and operation of NC Works Career Center delivery systems, in accordance with the strategy described in the unified State plan.
- o. Providing additional assistance to local areas that have high concentrations of eligible youth (Section 129(b)(1)(F), WIOA, 128 Stat. 1507).

This section is not applicable at the local level.

### 3. ***Local Activities - Allowed***

#### *Subtitle B Adult and Dislocated Worker Programs - WIA*

- a. Funds may be used at the local level to pay for core NC Works Career Center system costs as well as for intensive services and training services for program participants.

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b. *Core Services* – The following are core services (20 CFR section 662.240):

- (1) Eligibility determination for WIA services.
- (2) Outreach, intake, and orientation to available information and services.
- (3) Initial assessment of skill levels, aptitudes, abilities and supportive services needs.
- (4) Career counseling.
- (5) Job search and placement assistance.
- (6) Provision of employment statistics and job information.
- (7) Provision of performance information on eligible providers of training services, youth activities, and adult education.
- (8) Provision of information on local area performance.
- (9) Provision of information on availability of supportive services.
- (10) Provision of information regarding filing Unemployment Insurance (UI) claims.
- (11) Assistance in establishing eligibility for welfare to work activities and programs of financial assistance for training and education programs.
- (12) Follow-up services including counseling for individual placed into unsubsidized employment for at least 12 months following placement (20 CFR section 663.150).

c. *Intensive Services* – The following are intensive services (29 USC 2864(d)(3); 20 CFR section 663.200):

- (1) Specialized assessments including diagnostic testing, in-depth interviewing, and evaluation.
- (2) Development of employment plan.
- (3) Group counseling.
- (4) Individual counseling and career planning.
- (5) Case management.
- (6) Pre-vocational services, including workplace behavior skills training.

d. *Training Services* – The following are training services (29 USC 2864(d)(4); 20 CFR section 663.300):



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- (1) Occupational training.
  - (2) On-the-Job-Training (OJT) (Employers may be reimbursed up to 50 percent of the wage rate of an OJT participant for the extraordinary costs of providing the training and additional supervision related to the OJT. The employer is not required to document its extraordinary costs (20 CFR section 663.7 10)).
  - (3) Skill upgrading.
  - (4) Entrepreneurial training.
  - (5) Job readiness training.
  - (6) Adult literacy.
  - (7) Customized training (Customized training is designed to meet the special needs of an employer. Such employers are required to pay at least fifty percent of the training (20 CFR section 663 .715)).
- e. At the discretion of the State and local boards the following services may be provided (29 USC 2864(e)):
- (1) Customized screening and referral.
  - (2) Supportive services, including needs related payments.

This section is subject to review by State monitors.

*Subtitle B, Chapter 3 Adult and Dislocated Worker Employment and Training Activities – WIOA – Required Activities*

- a. *Basic Career Services* – The following are basic career services (Sections 134(c)(2)(A)(i) through (xi), WIOA, 128 Stat. 1525 *et seq.*, and TEGL 3-15):
- (1) Eligibility determination for WIOA services.
  - (2) Outreach, intake, and orientation to available information and services.
  - (3) Initial assessment of skill levels, including literacy, numeracy, and English language proficiency, as well as aptitudes, abilities (including skills gaps), and supportive service needs.
  - (4) Provision of labor exchange services, including job search and placement assistance, as well as career counseling and appropriate recruitment and other business services on behalf of employers.
  - (5) Provision of referrals to and coordination of activities with other programs and services within the NC Works Career Center system.
  - (6) Provision of workforce and labor market employment statistics and job information.

- (7) Provision of performance information and program cost information on eligible training providers by program and type of provider.
- (8) Provision of information on local area performance.
- (9) Provision of information on availability of supportive services assistance.

This section is subject to review by State monitors.

- (10) Provision of information regarding filing Unemployment Insurance (UI) claims, including meaningful assistance to individuals seeking assistance in filing claims.
- (11) Assistance in establishing eligibility for programs of financial aid assistance for training and education programs that are not funded under the WIOA.
- b. *Individualized Career Services* – The following are individualized career services (Section 134(c)(2)(A)(xii), WIOA, 128 Stat. 1527):
  - (1) Comprehensive and specialized assessments of skill levels and service needs, including diagnostic testing, in-depth interviewing, and evaluation.
  - (2) Development of an individual employment plan.
  - (3) Group and/or individual counseling and mentoring.
  - (4) Career planning.
  - (5) Short-term pre-vocational services, including development of learning skills, communication skills, interviewing skills, punctuality, personal maintenance skills, and workplace behavior skills training.
  - (6) Internships and work experiences linked to careers.
  - (7) Workforce preparation activities, including basic academic skills, critical thinking skills, digital literacy skills, and self-management skills.
  - (8) Financial literacy services.
  - (9) Out-of-area job search assistance and relocation assistance.
  - (10) English-language acquisition and integrated education and training programs.
- c. *Training Services* – The following training services are allowable (Section 134(c)(3)(D), WIOA, 128 Stat. 1529):
  - (1) Occupational training, including training for nontraditional employment.
  - (2) On-the-job-training (OJT) (Employers may be reimbursed up to 50 percent, and, in some instances, 75 percent, of the wage rate of an OJT participant for the extraordinary costs of providing the

training and additional supervision related to the OJT. The employer is not required to document its extraordinary costs (Section 134(c)(3)(H), WIOA, 128 Stat. 1531). Instances in which the reimbursement level may be up to 75 percent are based on the following

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criteria:

- (a) Participant characteristics, e.g. length of unemployment, current skill level, and barriers to employment;
  - (b) Size of the employer;
  - (c) Quality of employer-provided training and advancement opportunities, and
  - (d) Other factors the State or local board may determine appropriate, such as number of employees participating in the training, wage and benefit levels of employees, and relation of the training to the competitiveness of the participant.
- (3) Incumbent worker training (Section 134(d)(4), WIOA, 128 Stat. 1535).
  - (4) Programs that combine workplace training with related instruction, including cooperative education programs.
  - (5) Training programs operated by the private sector.
  - (6) Skill upgrading and retraining.
  - (7) Entrepreneurial training.
  - (8) Transitional jobs, as long as they do not exceed 10 percent of the funds allocated to the local area and are consistent with the requirements of Section 134(d)(5), WIOA, 128 Stat. 1537.
  - (9) Job readiness training in combination with other training programs.
  - (10) Adult education and literacy training.
  - (11) Customized training (Customized training is designed to meet the specific requirements of an employer. Such employers are required to pay a significant portion of the cost of the training (Section 3(14), WIOA, 128 Stat. 1431)).
- e. *Follow-up Services* – Follow-up services may be provided, as appropriate, for participants who are placed in unsubsidized employment, for up to 12 months after the first day of employment. Follow-up services may include

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counseling about the work place (Section 134(c)(2)(A)(xiii), WIOA, 128 Stat. 1527).

*Subtitle B, Chapter 3 Adult and Dislocated Worker Employment and Training Activities – WIOA – Other Activities*

At the discretion of the State and local boards, the following services may be provided

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(Section 134(d), WIOA, 128 Stat. 1532 *et seq.*):

- a. Job seeker services, including:
    - (1) Customer support to enable individuals with barriers to employment to navigate among multiple services,
    - (2) Training programs for displaced homemakers and for individuals training for nontraditional occupations, and
    - (3) Work support activities for low-wage workers.
  - b. Employer services, including:
    - (1) Customized screening and referral of individuals in career and training services to employers; and
    - (2) Customized employment-related services to employers, employer associations, or other organization on a fee-for-service basis that are in addition to labor exchange services available to employers under the Wagner-Peyser Act; and
    - (3) Activities to provide business services and strategies.
  - c. Coordination activities, including:
    - (1) Employment and training activities in coordination with child support enforcement and child support services;
    - (2) Employment and training activities in coordination with cooperative extension programs carried out by the U. S. Department of Agriculture;
    - (3) Employment and training activities in coordination with activities to facilitate remote access to services provided through the one-stop delivery system, including facilitating access through the use of technology;
    - (4) Improving coordination with economic development activities to promote entrepreneurial skills training and microenterprise services;
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- (5) Improving linkages with small employers;
  - (6) Strengthening linkages with unemployment insurance programs;
  - (7) Improving coordination of activities for individual with disabilities; and
  - (8) Improving coordination with other Federal agency supported workforce development initiatives.

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- d. Implementing pay-for-performance contract strategies for training services.
  - e. Technical assistance for NC Works Career Centers, partners, and eligible training providers on the provision of services to individuals with disabilities.
  - f. Activities for setting self-sufficiency standards for the provision of career and training services.
  - g. Implementing promising services to workers and businesses.
  - h. Supportive services, including needs-related payments.
  - i. Locating transitional jobs, which are time-limited work experiences that are subsidized and are in the public, private, or nonprofit sectors. They are for individuals with barriers to employment who are chronically unemployed or who have an inconsistent work history, and are combined with comprehensive career and supportive services. (Section 134(d)(5)(A), WIOA, 128 Stat. 1537).

4. ***Local Activities – Subtitle B Youth Activities - Allowed***

*WIA*

- a. Youth activities can provide a wide array of activities relating to employment, education and youth development. With the exception of the design framework component (e.g., services for intake, objective assessment, and the development of individual service strategy), these activities must be obtained by grant or contract with a service provider. The activities include, but are not limited to, the following (29 USC 2843 and 2854(c)(2); 20 CFR sections 664.405(a)(4) and .410):
    - (1) Tutoring, study skills training, and instruction leading to completion of secondary school, including dropout prevention strategies.
    - (2) Alternative secondary school services.
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- (3) Summer employment opportunities that are directly linked to academic and occupational learning.
  - (4) Paid and unpaid work experience, including internships and job shadowing.
  - (5) Occupational skills training.
  - (6) Leadership development opportunities, including community service and peer-centered activities encouraging responsibility and other positive social behaviors.
  - (7) Supportive services.

- (8) Adult mentoring for a period of participation and a subsequent period, for a total of not less than 12 months.
  - (9) Follow-up services.
  - (10) Comprehensive guidance and counseling, including drug and alcohol abuse counseling and referral.
- b. Funds allocated to a local area for eligible youth shall be used for programs that (20 CFR section 664.405):
- (1) Objectively assess academic levels, occupational skills levels, service needs (i.e., occupational, prior work experience, employability, interests, aptitudes), and supportive service needs of each participant;
  - (2) Develop service strategies that identify an employment goals, achievement objectives, and the appropriate services needed to achieve the goals and objectives for each participant; and
  - (3) Provide post-secondary education preparation, linkages between academic and occupational learning, preparation for unsubsidized employment opportunities, and effective connections to intermediaries with strong links to the job market and local and regional employers.

#### *WIOA*

- a. Youth activities can provide a wide array of activities relating to employment, education and youth development. The activities identified in Section 129(c)(2), WIOA (128 Stat. 1509 and 1510) include the following:
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- (1) Tutoring, study skills training, instruction and evidence-based dropout prevention and recovery strategies that lead to completion of the requirements for a secondary school diploma or its recognized equivalent (including a recognized certificate of attendance or similar document for individuals with disabilities) or for a recognized post-secondary credential;
- (2) Alternative secondary school services or dropout recovery services, as appropriate;
- (3) Paid and unpaid work experiences that have academic and occupational education as a component of the work experience, which may include the following types of work experiences: (a) summer employment opportunities and other employment opportunities available throughout the school year; (b) pre-apprenticeship programs; (c) internships and job shadowing; and (d) on-the-job training opportunities;
- (4) Occupational skill training, which includes priority consideration for training programs that lead to recognized post-secondary credentials that align with in-demand industry sectors or occupations in the local area involved, if the local board determines that the programs meet the quality criteria described in Section 123, WIOA (128 Stat. 1498);
- (5) Education offered concurrently with and in the same context as workforce preparation activities and training for a specific occupation or occupational cluster;
- (6) Leadership development opportunities, including community service and peer-centered activities encouraging responsibility and other positive social and civil behaviors;
- (7) Supportive services;
- (8) Adult mentoring for a duration of at least 12 months that may occur both during and after program participation;
- (9) Follow-up services for not less than 12 months after the completion of participation;
- (10) Comprehensive guidance and counseling, which may include drug and alcohol abuse counseling and referral, as appropriate;
- (11) Financial literacy education;
- (12) Entrepreneurial skills training;

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- (13) Services that provide labor market and employment information about in-



demand industry sectors or occupations available in the local area, such as career awareness, career counseling, and career exploration services; and

- (14) Activities that help youth prepare for and transition to postsecondary education and training.

b. Funds allocated to a local area for eligible youth shall be used for programs that:

- (1) Objectively assess academic levels, occupational skills levels, service needs (i.e., occupational, prior work experience, employability, interests, aptitudes), supportive service needs of each participant, and developmental needs of each participant, for the purpose of identifying appropriate services and career pathways;
- (2) Develop service strategies that are directly linked to one or more indicators of performance of the youth program described in Section 116(b)(2)(A)(ii), WIOA, 128 Stat. 1472, and identify career pathways that include education and employment goals, appropriate achievement objectives, and the appropriate services needed to achieve the goals and objectives for each participant taking into account the assessment conducted; and
- (3) Provide activities leading to the attainment of a secondary school diploma or its recognized equivalent, postsecondary education preparation, strong linkages between academic instruction and occupational education that lead to the attainment of recognized postsecondary credentials, preparation for unsubsidized employment opportunities, and effective connections to employers in in-demand industry sectors and occupations of the local and regional labor markets (Section 1129(c)(1)(A)(B)(C), WIOA, 128 Stat. 1508).

## 5. *Activities Unallowed*

### *WIA Title I Programs*

WIA Title I funds may not be used for the following activities:

- a. Construction or purchase of facilities or buildings (20 CFR section 667.260), with the following exceptions:
  - (1) Providing physical and programmatic accessibility and reasonable accommodation, as required under section 504 of the

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Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, as amended (20 CFR section 667.260(a)).

- (2) Repairs, renovations, alterations and capital improvements of SESA real property and JTPA-owned property which is transferred to WIA Title I programs (20 CFR section 667.260(b)).
  - (3) Disaster relief employment on projects for demolition, cleaning, repair, renovation, and reconstruction of damaged and destroyed structures, facilities, and lands located within a disaster area (WIA Section 173(d); 29 USC 2918(d); 20 CFR section 667.260(d)).
- b. Employment-generating activities, economic development activities, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, and similar activities, unless they directly relate to training for eligible individuals. Employer outreach and job development activities are considered directly related to training for eligible individuals (WIA, Section 181(e); 29 USC 2931(e); 20 CFR section 667.262).
  - c. The employment or training of participants in sectarian activities. Participants shall not be employed in the construction, operation, or maintenance of a facility that is or will be used for sectarian instruction or as a place for religious worship. However, WIA funds may be used for the maintenance of a facility that is not primarily or inherently devoted to sectarian instruction or religious worship if the organization operating the facility is part of a program or activity providing services to WIA participants. (WIA, Section 188(a)(3); 29 USC 2938(a)(3); 20 CFR section 667.266).
  - d. Encouraging or inducing the relocation of a business or part of a business from any location in the United States if the relocation results in any employee losing his or her job at the original location (20 CFR section 667.268).
  - e. Providing customized training, skill training, or on-the-job training or company specific assessments of job applicants or employees of a business or a part of a business that has relocated from any location in the United States, until the company has operated at that location for 120 days, if the relocation resulted in any employee losing his or her job at the original location (20 CFR section 667.268(a)).
  - f. Paying the wages of incumbent employees during their participation in economic development activities provided through a statewide workforce investment system (WIA, Section 181(b)(1); 29 USC 2931(b)(1); 20 CFR section 667.264(a)(1)).
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- g. Public service employment, except to provide disaster relief employment, as specifically authorized in section 173(d) of WIA (WIA, Section 195(10); 29 USC 2945(10); 20 CFR section 667.264(a)(2)).

*WIOA Title I Programs*

WIOA Title I funds may not be used for the following activities, except as indicated:

- a. Construction, purchase of facilities or buildings, or other capital expenditures for improvements to land or buildings except with the prior approval of the Secretary of Labor. WIOA Title I funds can be used for construction only in limited situations, including meeting obligations to provide physical and programmatic accessibility and reasonable accommodations, certain repairs, renovations, alterations, and capital improvements of property, and for disaster relief projects under Section 170(d), WIOA, 128 Stat. 1575, Youth Build programs under Section 171(c)(2)(A)(i), WIOA, 128 Stat. 1578, and for other projects that the Secretary determines necessary to carry out the WIOA, as described under Section 189(c) of WIOA, 128 Stat. 1599.
- b. Employment-generating activities, economic development activities, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, and similar activities not directly related to training for eligible individuals, with the exception of employer outreach and job development activities, which are considered directly related to training for eligible individuals (Section 181(e), WIOA, 128 Stat. 1588).
- c. The employment or training of participants in sectarian activities. Participants shall not be employed in the construction, operation, or maintenance of a facility that is or will be used for sectarian instruction or as a place for religious worship. However, WIOA funds may be used for the maintenance of a facility that is not primarily or inherently devoted to sectarian instruction or religious worship if the organization operating the facility is part of a program or activity providing services to WIOA participants (Section 188(a)(3), WIOA, 128 Stat. 1598).
- d. Encouraging or inducing the relocation of a business or part of a business from any location in the United States if the relocation results in any employee losing his or her job at the original location (Section 181(d)(1)), WIOA, 128 Stat. 1588).
- e. Providing customized training, skill training, or on-the-job training or company specific assessments of job applicants or employees of a business or a part of a business that has relocated from any location in the United States, until the company has operated at that location for 120

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days, if the relocation resulted in any employee losing his or her job at the original location (Section 181(d)(2), WIOA, 128 Stat. 1588).

- f. Paying the wages of incumbent employees during their participation in economic development activities provided through a Statewide workforce investment system

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(Section 181(b)(1), WIOA, 128 Stat. 1586).

- g. Public service employment, except to provide disaster relief employment, as specifically authorized in Section 194(10), WIOA (128 Stat.1606).

*All Subtitle B Statewide and Local Programs*

Funds available to States and local areas under Subtitle B may not be used for foreign travel (29 USC 2931(e), WIA; Section 181(e), WIOA, 128 Stat. 1588).

**B. Allowable Costs/Cost Principles**

1. *NC Works Career Centers*

DOL, in a collaborative effort with other Federal agencies, published in the *Federal Register*, dated May 31, 2001 (66 FR 29637) a notice that provides guidance on resource sharing methodologies for the shared costs of an NC Works Career Center service delivery system.

2. *All Subtitle B Statewide and Local Programs*

For those selected items of cost requiring prior approval, the authority to grant or deny approval is delegated to the Governor for youth, adult, and dislocated worker programs.

**C. Eligibility**

1. **Eligibility for Individuals**

a. *All Programs*

*Selective Service* – No participant may be in violation of section 3 of the Military Selective Service Act (50 USC App. 453) by not presenting and submitting to registration under that Act (29 USC 293 9(h)).

b. *All Subtitle B Statewide and Local Programs WIA*

- (1) An adult must be 18 years of age or older.
- (2) A dislocated worker means an individual who meets the definition in 29 USC 2801(9).

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- (3) A dislocated homemaker means an individual who meets the definition in 29 USC 2801(10).

- (4) Before receiving training services, an adult or dislocated worker must have received at least one intensive service, been determined to be unable to obtain or retain employment through intensive services, and met all of

the following requirements (20 CFR sections 663.240 and 663.3 10):

- (a) Had an interview, evaluation, or assessment and determined to be in need of training services and have the skills and qualifications to successfully complete the selected training program.
- (b) Selected a training service linked to the employment opportunities.
- (c) Was unable to obtain grant assistance from other sources, including other Federal programs, to pay the costs of the training.

#### *WIOA*

- (1) An adult must be 18 years of age or older (Section 3(2), WIOA, 128 Stat. 1429).
- (2) A dislocated worker means an individual who meets the definition in Section 3(15), WIOA, 128 Stat. 1431).
- (3) A dislocated homemaker means an individual who meets the definition in Section 3(16), WIOA, 128 Stat. 1432).
- (4) An in-school youth and an out-of-school youth are eligible to participate in workforce investment activities if they meet the definition in Section 129(a)(1)(B) and (C), WIOA, 128 Stat. 1504 *et seq.*

#### *c. Subtitle B Youth Activities*

##### *WIA/WIOA*

A person is eligible to receive services under Youth Activities if they are between the ages of 14 and 21 at the time of enrollment (20 CFR section 664.200) and demonstrate at least one of the following barriers to employment: deficient in basic literacy skills; a school dropout; homeless; a runaway; a foster child; pregnant or parenting; offender; or an individual who requires additional assistance to complete an educational program, or to secure and hold employment (20 CFR sections 664.200, .205, and .210).

##### *WIOA*

A person is eligible to receive services under Youth Activities if they are an out-of-school youth or an in-school youth (Section 129(a)(1), WIOA, 128 Stat. 1504).

Under WIOA, an “out-of-school youth” is an individual who is:

- (1) Not attending any school (as defined under State law);
- (2) Not younger than 16 or older than age 24 at time of enrollment. (Because age eligibility is based on age at enrollment, participants may continue to receive services beyond the age of 24 once they are enrolled in the program); and

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- (3) One or more of the following:
- (a) A school dropout;
  - (b) A youth who is within the age of compulsory school attendance, but has not attended school for at least the most recent complete school year calendar quarter (school year calendar quarter is based on how a local school district defines its school year quarters);
  - (c) A recipient of a secondary school diploma or its recognized equivalent who is a low-income individual and is either basic skills deficient or an English language learner;
  - (d) An individual who is subject to the juvenile or adult justice system;
  - (e) A homeless individual, a runaway, an individual who is in foster care or has aged out of the foster care system, a child eligible for assistance under Section 477 of the Social Security Act, or an individual who is in an out-of-home placement;
  - (f) An individual who is pregnant or parenting;
  - (g) An individual with a disability;
  - (h) A low-income individual who requires additional assistance to enter or complete an educational program or to secure or hold employment. (Sections 3(46) and 129(a)(1)(B), WIOA, 128 Stat. 1437 and 1504)

Under WIOA, an “in-school youth” is an individual who is:

- (1) Attending school (as defined by State law);
- (2) Not younger than age 14 or (unless an individual with a disability who is attending school under State law) older than age 21;
- (3) A low-income individual; and
- (4) One or more of the following:
  - (a) Basic skills deficient;
  - (b) An English language learner;
  - (c) An offender;
  - (d) A homeless individual, a homeless child or youth, a runaway, in foster care or has aged out of the foster care system, a child eligible for assistance under Section 477 of the Social Security Act, or in an out-of-home placement;
  - (e) An individual who is pregnant or parenting;
  - (f) An individual with a disability;

- (g) An individual who requires additional assistance to complete an educational program or to secure or hold employment (Sections 3(27) and 129(a)(1)(C), WIOA, 128 Stat. 1435 and 1505).

#### *WIA/WIOA*

See the WIA and WIOA sections in III.G.3.e.(2), “Matching, Level of Effort, Earmarking – Earmarking,” for the earmarking requirements for low-income youth.

2. **Eligibility for Group of Individuals or Area of Service Delivery** – Not Applicable
3. **Eligibility for Subrecipients** – Not Applicable

### **D. Equipment and Real Property Management**

Recipients and subrecipients may permit employers to use WIA/WIOA-funded local area services, facilities, or equipment, on a fee-for-service basis, to provide employment and training activities to incumbent workers if this does not interfere with utilization by eligible participants and the income generated from such fees is treated as program income (29 USC 2945(1)(3); 20 CFR section 667.200(a)(8); Section 194(13), WIOA, 128 Stat. 1607).

### **E Matching, Level of Effort, Earmarking**

1. **Matching** – Not Applicable
2. **Level of Effort** – Not Applicable
3. **Earmarking**

#### ***Subtitle B Statewide and Local Programs***

- a. *WIA Statewide Activities* – “Statewide activities” include required workforce investment activities described in 20 CFR section 665.200 (some of which are not administrative) and administrative functions and activities.
  - (1) *State Reserve* – A State may reserve up to 15 percent of the amounts allotted for Adult, Dislocated Worker, and Youth Activities. The amounts reserved may be combined and expended on activities described in 20 CFR sections 665.200 and .210 without regard to funding source (20 CFR section 667.130; Pub. L. No. 112-74, Division F, Title I, 125 Stat. 1051; Pub. L. No. 112-175, Section 101, 126 Stat. 1313).
  - (2) *Administrative Cost Limits* – A State may spend up to five percent of the amount allotted for the State’s administrative costs (i.e., one-third of the 15 percent State Reserve described in the preceding paragraph) (20 CFR section 667.210). The term “administrative costs” is defined at 20 CFR section 667.220. The funds provided for administrative costs by one of the three funding sources (Adult, Dislocated Worker, and Youth Activities) can be used for administrative costs of the other two sources.

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b. *WIOA Statewide Activities*

- (1) The Governor shall reserve not more than 15 percent of each of the amounts allotted to the State Adult, Dislocated Worker, and Youth Activities for a fiscal year to carry out statewide activities under Section 129(b) or statewide employment and training activities for

adults or dislocated workers under section 134(a) (Section 128(a), WIOA, 128 Stat. 1502).

- (2) Not more than 5 percent of the funds allotted to a State under Section 127(b)(1)(C) of WIOA shall be used by the State for administrative activities related to youth workforce investment and employment and training activities (Section 129(b)(3), WIOA, 128 Stat 1508).

c. *WIA/WIOA Dislocated Worker Activities – Rapid Response*

*Statewide Rapid Response* – The State must reserve for rapid response activities a portion of funds, up to 25 percent, allotted for dislocated workers. The funds are used to plan and deliver services to enable dislocated workers to transition to ~~new employment as quickly as possible, following either a permanent closure or mass~~ layoff, or a natural or other disaster resulting in a mass job relocation (20 CFR section 667.130(b); Sections 133(a)(2) and 134(a)(2)(A), WIOA, 128 Stat. 1516 and 1520).

d. *Local Areas – Administrative Costs Limits WIA*

A local area may expend no more than 10 percent of the Adult, Dislocated Worker, and Youth Activities funds allocated to the local area under Sections 128(b) and 133(b) of the Act for administrative costs. The funds provided for administrative costs by one of the three fund sources (Adult, Dislocated Worker, Youth Activities) can be used for administrative costs of the other two sources (20 CFR section 667.210(a)(2)).

*WIOA*

A local area may expend no more than 10 percent of the Adult, Dislocated Worker, and Youth Activities funds allocated to the local area under Sections 128(b) (WIOA, 128 Stat. 1502) and 133(b) (WIOA, 128 Stat. 1516) for within State allocations. The funds provided for administrative costs by one of the three fund sources (Adult, Dislocated Worker, Youth Activities) can be used for administrative costs of the other two sources.

e. *Youth Activities*

*WIA*

- (1) *Out-of-School Youth* – Thirty percent of the Youth Activity funds allocated to the local areas, except for the local area expenditures for administration, must be used to provide services to out-of-school youth (20 CFR section 664.320).



- (2) *Low-Income Youth* – Up to 5 percent of youths who are not low-income individuals may receive youth services, provided that they are within one or more of the categories specified in 20 CFR section 664.220 (20 CFR section 664.220).

*WIOA*

*Out-of-School Youth* – A minimum of 75 percent of the Youth Activity funds allocated to States and local areas, except for the local area expenditures for administration, must be used to provide services to outof-school youth (Section 129(a)(4)(A), WIOA, 128 Stat. 1506).

- f. *Adult and Dislocated Workers Funds – Transfers of Funds*

*WIA*

Section 133 (b)(4) of the WIA authorizes workforce investment areas, with the approval of the Governor, to transfer up to 20 percent of the Adult Activities funds to Dislocated Workers Activities, and up to 20 percent of Dislocated Workers Activities funds to Adult Activities. The transfer limits are 30 percent (Pub. L. No. 112-10).

*WIOA*

WIOA authorizes workforce investment areas, with the approval of the Governor, to transfer up to 100 percent of the Adult Activities funds to Dislocated Workers Activities, and up to 100 percent of Dislocated Workers Activities funds to Adult Activities (Section 133(b)(4), WIOA, 128 Stat. 1518).

## **H. Period of Performance**

### *1. Statewide Activities*

Funds allotted to a State for any program year are available for expenditure by the State during that program year and the 2 succeeding program years (29 USC 2939(g)(2)).

### *2. Local Areas*

Funds allocated by a State to a local area for any program year are available for expenditure only during that program year and the succeeding program year. Funds which are not expended by a local area in this 2-year period must be returned to the State, which can use the funds for statewide projects during the third program year of availability, or distribute the funds to local areas which had fully expended their allocation of funds for the same program year within the 2-year period (29 USC 2939(g)(2)).

**I. Procurement and Suspension and Debarment****1. All Subtitle B Statewide and Local Programs**

All procurement contracts and other transactions between local boards and units of State or local governments must be conducted only on a cost-reimbursement basis. No provision for profit is allowed (20 CFR section 667.200(a)(3); Section 184(a)(3)(B), WIOA, 128 Stat. 1591).

**2. Subtitle B Youth Activities WIA**

The local board for each local such area shall identify eligible providers of youth activities by awarding grants or contracts on a competitive basis, based on the recommendations of the youth council and on the criteria contained in the State plan (WIA Section 123; 29 USC 2843).

WIOA

The local board for each local such area shall identify eligible providers of youth activities by awarding grants or contracts on a competitive basis, based on the criteria contained in the State plan (Section 123, WIOA, 128 Stat. 1498).

**J. Program Income**

1. The addition method is required for use on all program income earned under WIA/WIOA grants. When the cost of generating program income has been charged to the program, the gross amount earned must be added to the WIA/WIOA program. However, the cost of generating program income must be subtracted from the amount earned to establish the net amount of program income available for use under the grants when these costs have not been charged to the WIA/WIOA program (20 CFR section 667.200(a)(5); Section 194(7), WIOA, 128 Stat. 1606).
2. WIA/WIOA specifically include as program income: (a) receipts from goods and services, including conferences; (b) funds provided to a service provider in excess of the costs associated with the services provided; and (c) interest income earned on funds received under WIA/WIOA. Any excess of revenue over costs incurred for services provided by a governmental or non-profit entity must be included in program income earned (29 USC 2945(7)(B) and 20 CFR section 667.200(a)(6); Section 194(7), WIOA, 128 Stat. 1606).

**L. Reporting****1. Financial Reporting**

- a. SF-270, *Request for Advance or Reimbursement* – Not Applicable

- b. SF-27 1, *Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable

- c. SF-425, *Federal Financial Report* – Not Applicable

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- d. ETA-9 130, *Financial Report (OMB No. 1205-0461)* – All ETA grantees are required to submit quarterly financial reports for each grant award they receive. Reports are required to be prepared using the specific format and instructions for the applicable program(s); in this case, *Workforce Investment Act/Workforce Innovation and Opportunity* instructions for the following: *Statewide Adult, Workforce Statewide Youth, Statewide Dislocated Worker, Local Adult, Local Youth, and Local Dislocated Worker*. A separate ETA 9130 is submitted for each of these categories. Reports are due 45 days after the end of the reporting quarter. Financial data is required to be reported cumulatively from grant inception through the end of each reporting period. Additional information can be accessed at <http://www.doleta.gov/grants/> and scroll down to the section on Financial Reporting. See TEGL 13-12 for specific and clarifying instructions about the ETA 9130  
([http://wdr.doleta.gov/directives/corr\\_doc.cfm?DOCN=694 1\).](http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=694%20)

## 2. Performance Reporting

**Note:** Under WIOA, performance measures do not take effect until Program Year (PY) 2016 (July 1, 2016). Until that time, performance measures under WIA will continue to be used.

ETA-9091, *WIA Annual Report (OMB Number 1205-0420)* – Sanctions related to State performance or failure to submit these reports timely can result in a total grant reduction of not more than five percent as provided in WIA Section 136 (g)(1)(B). This report is accessible at  
<http://www.doleta.gov/Performance/reporting/>

- (1) *WIA Tables in Annual Report* – The actual performance level information in the following tables contain critical information.
  - (a) Table B – *Adult Program Results At-A-Glance*
  - (b) Table E – *Dislocated Worker Program Results At-A-Glance*
  - (c) Table H – *Older Youth Program Results At-A-Glance*
  - (d) Table J – *Younger Youth Program Results At-A-Glance*
- (2) *Standardized Record Data (WIASRD)* – The WIASRD data records contain relevant data on individual participants' characteristics, activities and outcomes. They are submitted to DOL in support of the Tables in the Annual Report as required at WIA Section 185(d).

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*Key Line Items* – The following line items contain critical information:

- (a) Item 101 – *Individual identifier*
- (b) Item 601 – *Employed in first quarter after exit quarter*
- (c) Item 606 – *Employed in second quarter after exit quarter*
- (d) Item 608 – *Employed in third quarter after exit quarter*

(e) Item 610 – *Employed in fourth quarter after exit quarter*

*Total earnings from wage records for the:* (Items 612–619, 622, 623, 668, and 669)

(f) Item 612 – *Wages third quarter prior to participation quarter*

(g) Item 613 – *Wages second quarter prior to participation quarter*

(h) Item 614 – *Wages first quarter prior to participation quarter*

(i) Item 615 – *Wages first quarter after exit quarter*

(j) Item 616 – *Wages second quarter after exit quarter*

(k) Item 617 – *Wages third quarter after exit quarter*

(l) Item 618 – *Wages fourth quarter after exit quarter*

(m) Item 619 – *Type of recognized credential*

(n) Item 622 – *Attainment of goal #1*

(o) Item 623 – *Date attained goal #1*

(p) Item 668 – *Attained degree or certificate*

(q) Item 669 – *Date attained degree or certificate*

### **3. Special Reporting – Not Applicable**

## **M. Subrecipient Monitoring**

### **1. Recipients and Subrecipients – WIA**

Recipients must ensure that commercial organizations that are subrecipients under WIA Title I and expend more than the minimum level specified in 2 CFR part 200, subpart F, have either an organization-wide audit conducted in accordance

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with 2 CFR part 200 or a program-specific financial and compliance audit (20 CFR section 667.200(b)(2)(ii)).

2. *States – WIA/WIOA*

- a. Each State must have a monitoring system which:
  - (1) Provides for annual on-site monitoring reviews of local areas' compliance with DOL uniform administrative requirements, including the appropriate administrative requirements and cost principles for subrecipients and other entities receiving WIA/WIOA funds, as required by WIA Section 184(a)(4)/Section 184(a)(4), WIOA (128 Stat. 1591);
  - (2) Ensures that established policies to achieve program quality and outcomes meet the Act's objectives, including policies relating to the provision of services by NC Works Career Centers, eligible providers of training services, and eligible providers of youth activities;
  - (3) Enables the Governor to determine if subrecipients and contractors are in substantial compliance with WIA/WIOA requirements;
  - (4) Enables the Governor to determine whether a local plan will be disapproved for failure to make acceptable progress in addressing deficiencies; and
  - (5) Enables the Governor to ensure compliance with WIA/WIOA nondiscrimination and equal opportunity requirements (29 USC 3248).
- b. The State must require that prompt corrective action be taken if any substantial violations are identified as result of annual on-site monitoring and must impose the sanctions provided in Sections 184(b) and (c) of WIA/WIOA if a subrecipient fails to take required corrective action. The State may issue additional requirements and instructions to subrecipients on monitoring activities.

SECTION B ( State Requirements subject to review by State monitors)

## **I. RECIPIENT FUNDING**

### **A. Administrative Adjustment/NFA Process**

The Division of Workforce Solutions (DWS) issues planning allocations to Local Workforce Development Areas (Local Areas) and other recipients based on preliminary allocations provided to the State by the U. S. Department of Labor (USDOL). These preliminary allocations are subject to change; therefore, allocations are not official until the State receives a Notice of Obligation Authority (NOO) from the USDOL. Once the State has received a Notice of Obligation authority from the USDOL, Notices of Fund Availability (NFAs) are issued via Workforce Information System Enterprise (WISE) showing the funds available to the recipient. The funds are awarded by Program Year and must be tracked accordingly. Program Year funds are awarded for a period of two years unless indicated otherwise on the NFA letter as maintained in WISE. Funds Availability may be reduced after issuance if the State's NOO is reduced by the USDOL.

NFA letters include the Local Area funding level by fund and program year. A Program Year fund amount will remain in WISE until the final audit for the Program Year has been reconciled, resolved and agreed upon by both DWS and the Local Area. Sixty days before the end date on the NFA letter, WISE will send an email reminder of the impending closeout date. The Local Area should submit an Administrative Adjustment via WISE to de-obligate any funds that will not be spent. Monthly Financial Reports are required until the NFA equals the Expenditures and Cash Drawdowns.

## **B. Obligational Authority**

NFAs are awarded to recipients when the funds become available to the State. However, “Obligational Authority” is not granted to recipients until an approved Local Area Plan, or another application, as appropriate, is approved by DWS. Recipients are not authorized to incur cost or allowed to request cash drawdowns until the funds are approved in WISE. The Plan must be prepared in accordance with the guidelines provided in the Planning Instruction Policy Statement.

## **II. CASH MANAGEMENT**

### **A. Cash Drawdowns**

DWS will utilize the Electronic Payments method to transfer funds to recipients. Both the Authorization Agreement for Automatic Deposit and the Electronic Payment Form documents must be completed, signed and returned prior to initiating a recipient’s first request for drawdown. These forms must be faxed or scanned to DWS with the signed originals mailed in order for bank accounts to be set up on the payment system in a timely manner. When a cash transfer has been completed, notification will be sent to the recipient via email as indicated on the Electronic Payment Form. Cash requests will be processed once a week.

**All requests submitted via WISE by 11:59 pm on Monday will typically be transferred to the recipient’s account by the following Friday.**

There will be no exceptions granted concerning the 11:59 pm deadlines. Any changes in the cash drawdown schedule due to observed holidays or other planned events will be noted in correspondence issued by DWS.

Each recipient and subrecipient must develop cash management procedures that ensure no excess cash is on hand. Excess cash is defined as any cash that exceeds your immediate cash needs.

When a recipient determines there is excess cash on hand, and cash is to be returned to DWS, a request for drawdown in a negative amount equal to the refund may be entered if additional drawdowns, when netted against the refund, exceed \$1 for that Program Year on the date requested.

### **B. Sanctions**

When a recipient demonstrates an inability or unwillingness to follow established procedures minimizing time between cash drawdowns and disbursements; cannot adhere to laws, regulations or special conditions; or, is unable to submit reliable and/or timely reports; DWS may withhold fund requests in WISE.

## **III. FINANCIAL REPORTING**

### **A. Monthly Financial Reports**

Expenditures will be reported on a monthly basis by Program Year on a Monthly Financial Report (MFR) via WISE. **MFRs are due by the last working day of the month following the report month for any open Program Year.** Any reports not keyed by the due date are considered delinquent. The fiscal reporting period for all MFRs is July through the following June. Cash expenditures are to be reported

monthly to reflect the cumulative amount for the Program Year, while accruals are reported monthly. In the event that Program Year funds are not fully expended by the end date specified on the Program Year budget, an administrative adjustment to de-obligate the remaining funds should be requested in WISE.

DWS will approve all MFR's on the first working day of the month. Once approved, WISE does not allow for modification. Any changes will be reported in the following month's MFR. If the approval has not yet been made, DWS Finance staff can be notified to return the MFR. This will allow the Local Area to re-submit a corrected MFR.

## **B. Delinquent MFRs**

Delinquent MFRs will result in the following consequences:

1. Cash draw requests will be suspended on all Program Years until the delinquent report(s) is in the system.
2. A letter will be written notifying recipient officials of the occurrence of delinquent report(s) as follows:
  - (a) First occurrence within a fiscal year - Letter is written to the Local Area Director with an offer of technical assistance.
  - (b) Second occurrence within a fiscal year - Letter is written to the Local Area Director, Workforce Development Board (WDB) Chair, and Chief Elected Official (CEO).

## **IV. FEDERAL OFFICE OF MANAGEMENT AND BUDGET (OMB) OMB UNIFORM GUIDANCE**

### **A. Uniform Guidance**

OMB Uniform Guidance provides instruction in several administrative areas, including: (1) financial management and cost principles, (2) audit, (3) grants management, (4) records management, and (5) property management. In some cases, the State requirements are more restrictive than the Uniform Guidance. In cases where the DWS policy and Uniform Guidance requirements conflict, the most restrictive requirement must be followed.

References: 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and 2 CFR Part 290 Grants and Agreements

### **B. Cost Principles**

In determining allowable cost under a grant or contract, the recipient must **(unless granted prior written approval by DWS):**

1. Follow Federal cost principles, including any subsequent amendments to the Uniform Guidance cited which are applicable to the recipient's organization.
2. Allow only those costs permitted under the cost principles which are reasonable, allocable, necessary to achieve approved program goals, and which are in accordance with recipient policy and terms of the grant or contract.

Special Organization-specific requirements are now combined in the Uniform Guidance but are readily identified in separate sections as stated in the Electronic Code of Federal Regulations. ([http://www.ecfr/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](http://www.ecfr/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl))

## **V. DE-OBLIGATION AND REALLOCATION**

### **A. De-obligation**

Consistent with WIOA expenditure policies, it is the policy of the State of North Carolina that all Local Areas expend their full WIOA allocations within a two-year time frame from the original award year as further described below. Any exceptions will be noted in correspondence issued by DWS.

1. Effective at June 30 of the second full fiscal year after a WIOA allocation, all funds must be expended. Any unspent funds will be de-obligated from the Local Area and returned to the State via WISE.
2. Any change in funding necessitated by the de-obligation/reallocation policy will be made on a NFA.

Rapid Response or State Set Aside funding follow the end date as stated on the NFA Letter.

### **B. Reallocation**

Division of Workforce Solutions will redistribute de-obligated funds.

## **VI. AUDIT**

### **A. Audit Requirements**

Non-Federal sub-recipients that expend \$750,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of Uniform Guidance 2 CFR Part 200 Subpart F 200.501 Audit Requirements. Details are provided in the Uniform Guidance relating to specified types of subrecipients.

### **B. Audit Resolution**

DWS is responsible for resolving the findings that arise from the State's monitoring reviews, investigations, and audits. Each entity that receives WIOA funds and awards a portion of those funds to one or more subrecipients shall:

1. Ensure that each subrecipient complies with the applicable audit requirements;
2. Resolve all audit findings that impact WIOA with its sub-recipient and ensure that corrective action for all such findings is instituted within six months after receipt of the audit report and where appropriate, corrective action shall include debt collection action for all disallowed costs; and
3. Maintain an audit resolution file documenting the disposition of reported questioned costs and corrective actions taken for all findings.

The debt collection policies and procedures and the auditee's right to appeal an audit determination will be in accordance with 2 CFR Part 200.516 Audit Findings, resolution of findings from monitoring and oversight reviews.

## **VII. PROPERTY PROCEDURES**

### **A. Equipment and Property Management**



The Grant Administration Agreement between DWS and the Local Area in the ‘Property’ Section 3.6, sets forth the State policies for equipment and property. The Grant Administrator and subrecipients shall adhere to all State and local government procurement policies and procedures when acquiring all non-expendable property.

Title to property acquired with WIOA funds becomes vested with the Grant Administrator, who retains the title to the property and is responsible for the identification, accountability, inventory and proper maintenance and security of all property under its control.

Property means tangible non-expendable property, including exempt property, charged directly to the award having a useful life of more than one year and an acquisition cost of \$500 or more per unit, and, as outlined in the ‘Property’ Section 3.6 of the Grant Administration Agreement.

Property records shall be maintained and a physical inventory of equipment shall be taken at least annually, and, reconciled to the property records. An appropriate control system shall be used to safeguard property and equipment shall be adequately maintained by the Local Area.

When property with a current per unit fair market value in excess of \$5,000 is no longer needed for a Federal Program, it may be retained or sold with the Federal Agency having a right to a proportionate amount of the current fair market value.

In addition to the subgrantee’s inventory system, the additional information must be entered to accurately identify the property:

1. Funding source
2. Manufacturer’s name
3. Serial number (if applicable)
4. Description of item
5. Unit cost including taxes, shipping and handling
6. Location of property
7. Date of delivery

## **B. Auditable Areas**

All subgrantees are responsible for establishing a property inventory system to cover the auditable areas of property management to include the following items:

1. Acquisition
2. Proper Local Area (LA) utilization
3. Maintenance
4. Inventory
5. Disposition
6. Exact location of property

The Grant Administrator and subrecipients are responsible for assuring activities funded under WIOA are audited in accordance with the requirements set forth in the “Recordkeeping, Reporting and Accounting” section of the Grant Administration Agreement.

Stand-in costs, if used for repayment, must have been recorded and reported as uncharged program costs under the same WIOA title, in the same program and during the same period in which the disallowed costs were incurred. The accounting for these stand-in costs are a function of Local Area financial accounting and are not identified separately in WISE.

### **C. Acquisition**

All property with unit costs of \$5,000 or more (taxes, shipping and handling costs included) must have DWS written certification that the Local Area is in compliance with applicable State and Federal laws and regulations, and, are necessary and reasonable.

All purchase requests must be submitted to the assigned DWS Field Services Financial Monitor and accompanied by the following documentation:

1. Full justification of need and include the funding source.
2. Assurance that local procurement procedures were followed and that competitive bid determined the selection of one item over another.
3. Documentation that alternative methods of acquisition have been explored.
4. Location where property will be used.
5. Exact cost of property items, including installation, taxes, shipping and handling charges.

### **D. Lease Equipment**

In order to minimize the use of Local Area funds for the purchase of non-expendable property having unit costs of \$5,000 or more, subgrantees should explore alternate methods of acquisition rather than direct purchase.

All leases with options to purchase over \$5,000 must have DWS's review and written compliance certification.

### **E. Computer Equipment**

When submitting a request to purchase computer equipment, the unit cost must reflect the total sum of the individual cost of the components (keyboard, logic unit or CPU, monitor/display screen, and diskette drive).

Software installed on computer hard drives become a part of the computer cost.

### **F. Missing, Stolen, or Maliciously Damaged Property**

All situations involving property items with unit costs of \$5,000 or more must be reported to DWS immediately.

All situations involving property items with unit costs between \$500 and \$4,999 will follow established written procedures as prescribed by the Local Area.

DWS will require the subgrantee to obtain a written report form from the proper law enforcement agency and submit a copy of the report to DWS.

## **VIII. CONSULTANTS AND PERSONAL SERVICE**

Consultants and personal services contract, costing \$5,000 and over, must have DWS review and written compliance certification before the contract is finalized. Requests are to be submitted to the assigned DWS Field Services Financial Monitor.

As a minimum, the letter to DWS requesting review and written compliance certification must contain the following information:

1. The cost of the proposed contract;
2. The starting and ending dates;
3. The purpose of the contract;
4. The assurance of adherence to local and state procurement policies; and
5. The funding source to be used.

#### **IX. Cash Management (State requirements subject to monitoring review)**

- a. Funds may be provided to the local level on a reimbursement or advance basis. The Statewide Cash Management Plan outlines the policies, duties, responsibilities and requirements for cash management within State government on a broad basis. Subrecipients are required to adhere to the State Cash Management Plan found in Chapter 147-86.10 of the General Statutes. The time frame for minimizing time between receipt and expenditure of funds by local is the same as the State. They have 48 hours to receive the funds and expend the funds.
- b. Federal funds received for major federal assistance programs, which are governed by the Cash Management Improvement Act of 1990, must be drawn in accordance with the current State/Federal Agreement.
- c. Electronic Fund Transfer (EFT) is used to disburse funds to subrecipients via the electronic warrant system.

#### **Suggested Audit Procedures**

The following procedures are intended to be applied to each program determined to be major. However, due to the nature of cash management and the system of cash management in place in a particular entity, it may be appropriate and more efficient to perform these procedures for all programs collectively rather than separately for each program.

##### *Statewide*

1. For programs tested as major, verify which of those programs are covered by the Treasury-State Agreement in accordance with the materiality thresholds in 31 CFR section 205.5, Table A).
2. For those programs identified in procedure 1, determine the funding techniques used for those programs. For those funding techniques that require clearance patterns to schedule the transfer of funds to the State, review documentation supporting the clearance pattern and verify that the clearance pattern conforms to the requirements for developing and maintaining clearance patterns as specified in the Treasury-State Agreement (31 CFR sections 205.12, 205.20, and 205.22).
3. Select a sample of Federal cash draws and verify that:
  - a. The timing of the Federal cash draws was in compliance with the applicable funding techniques specified in the Treasury-State Agreement or Subpart B procedures, whichever is applicable (31 CFR sections 205.11 and 205.33).
  - b. To the extent available, program income, rebates, refunds, and other income and receipts were disbursed before requesting additional Federal cash draws as required by the Uniform Guidance.

4. Where applicable, select a sample of reimbursement requests and trace to supporting documentation showing that the costs for which reimbursement was requested were paid prior to the date of the reimbursement request (31 CFR section 205.12(b)(5)).
5. Review the calculation of the interest obligation owed to or by the Federal Government, reported on the annual report submitted by the State to ascertain that the calculation was in accordance with Treasury regulations and the terms of the Treasury-State Agreement. Trace amounts used in the calculation to supporting documentation.
6. For those programs where Federal cash draws are passed through to subrecipients:
  - a. Select a representative sample of subrecipients and ascertain the procedures implemented to ensure that subrecipients minimize the time elapsing between the transfer of Federal funds from the recipient and the disbursement of funds for program purposes Uniform Guidance.
  - b. Select a representative sample of Federal cash draws by subrecipients and ascertain that they conformed to the procedures.