

## Financial Management

### WORKFORCE SYSTEM POLICY

Workforce Development System Administration

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**Policy Owner:** *Pennsylvania Department of Labor & Industry, Bureau of Workforce Development Administration, Fiscal Operations Unit*

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#### I. Purpose.

The Pennsylvania Department of Labor & Industry (L&I) is designated by the Governor as the Commonwealth's state workforce agency (SWA). As the SWA, L&I is authorized to administer federal and state-funded grants in support of the public workforce development system. This policy and associated guidance provide technical assistance to workforce system partners such as chief elected officials (CEOs), local workforce development boards (local boards), and other grant recipients or sub-recipients, ensuring fiscal accountability in alignment with the Workforce Innovation and Opportunity Act (WIOA) and Office of Management and Budget (OMB) regulations and directives.

Attached to this policy is the Financial Management Guide (FMG) which clarifies expectations, addresses issues commonly occurring in the field, identifies operational problems while presenting possible solutions, models best practices, and provides suggestions and techniques to ensure compliance with regulations and guidance. The scope of the FMG applies only to grants awarded through L&I; however, grantees with similar grants may find the contents useful.

#### II. Statement.

This policy serves as a resource to assist grantees in achieving and maintaining compliance with federal and state requirements, and to improve the operational integrity of workforce development financial and information management systems. The resources contained within the policy and associated guidance provide workforce system partners a framework for grant management by way of establishing rules and requirements for federal awards administered through L&I.

#### III. Scope.

This policy applies to the Commonwealth, CEOs, local boards, fiscal agents, administrative entities, one-stop operators, required and additional program partners, service providers and contractors, eligible training providers, and any other entity or individual(s) associated with the preparation, submission, and application of funds.

**IV. Audience.**

Pennsylvania CEOs, local board members, local board staff, other local area grant recipients, fiscal agents, administrative entities, subrecipients of funds, non-local area grantees, and other workforce system partners contributing to the Commonwealth's public workforce system must adhere to the conditions of use and specifications as outlined in this policy and any other supporting guidance and documents.

**V. Related Policies.**

- A. Local Governance
- B. Local Workforce Delivery System – Memorandum of Understanding
- C. Oversight and Monitoring
- D. Sanctions

**VI. Definitions.**

*This list contains references that are directly associated with this policy. A more extensive definition list can be found within the FMG.*

- A. **Administrative Entity** is the entity designated by the local workforce development board for WIOA administration within a local area.
- B. **Chief elected official (CEO)** is the chief elected executive officer of a unit of general local government in a local workforce development area. By legislation, the CEO is financially liable for workforce funds allocated to a local workforce development area. The CEO is responsible for appointing local workforce development board members, approving the local workforce development board budget and serving as the local grant recipient.
- C. **Fiscal Agent** is an entity designated by the chief elected official(s) who is responsible for receiving, administering, and disbursing grant funds at the direction of the local workforce development board. The fiscal agent may or may not be the Administrative Entity.
- D. **Recipient** is an entity that receives a federal award directly from a federal agency to carry out an activity under a federal program. The term recipient does not include subrecipients or individuals that are participants or beneficiaries of the award. A grant recipient is the legal entity to which a grant is awarded, and which is accountable to the Commonwealth for use of the funds provided. The recipient is also referred to as "grantee".
- E. **Sub-recipient** is an entity that receives a subaward from a pass-through entity to carry out part of a federal award. The term subrecipient does not include a beneficiary or participant. A subrecipient may also be a recipient of other Federal awards directly from a federal agency.
- F. **Uniform Guidance** is the Office of Management and Budget (OMB's) final rule. The formal name is "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." It is commonly referred to as the "Uniform Guidance."

## **VII. Policy.**

### **A. Applicability**

Maintaining fiscal integrity is a critical responsibility in the administration of workforce development funds. It ensures that public resources are managed transparently, efficiently, and in compliance with all applicable laws and regulations. Fiscal accountability fosters trust among workforce system partners and supports the effective delivery of workforce programs and training.

This policy complies with federal and state requirements that apply to subrecipients of funds awarded through the L&I's Bureau of Workforce Development Administration (BWDA). Recipients and subrecipients of funds are referred to as grantees or sub-grantees, interchangeably, throughout this policy and the associated FMG. Unless otherwise stated, "grantees" or "sub-grantees" include local area grant recipients; CEOs; local boards; fiscal agents; administrative entities; entities providing program and/or training services and activities; and non-local grantees.

### **B. Relationships**

The nature of the relationship between L&I and a grantee is defined by its substance, not merely by its organizational label. An assigned label does not inherently establish the type of relationship. The following clarifies these distinctions:

1. *Sub-recipient vs Contractor*: Regardless of any label, the distinction between subrecipients and contractor is based upon the Uniform Guidance found at 2 CFR Chapter I, Chapter II, Part 200, et al. and determined in accordance with 2 CFR § 200.331 (subrecipient and contractor determinations).
  - (a) In addition, 2 CFR § 200.1 *Subaward* means an award provided by a pass-through entity to a subrecipient for the subrecipient to contribute to the goals and objectives of the project by carrying out part of a federal award received by the pass-through entity. It does not include payments to a contractor, beneficiary, or participant. A subaward may be provided through any form of legal agreement consistent with criteria in with 2 CFR § 200.331 including an agreement the pass-through entity considers a contract.
2. *Fiscal Agent*. The CEO(s) may designate a fiscal agent to assist in grant funding administration; an agreement must be established describing the relationship between the CEO(s) and the designated fiscal agent. Such designation may not relieve the CEO of the liability of any misuse of grant funds. If a fiscal agent has been designated, the designated entity shall disburse grant funds for workforce activities at the direction of the CEO or local board, pursuant to the requirements of the applicable statute(s). Such funds shall be disbursed immediately upon receiving such direction from that CEO or local board.

## **VIII. Resources.**

Supporting documents are found at the [L&I website](#), below the posting of this policy:

- A. Financial Management Guide
  - a. Annual Property Inventory Form
  - b. Equipment Depreciation Form
  - c. FSR, FSR Details & Draw Details
  - d. Grantee Closeout Packages
  - e. Property Acquisition Request and Report Form
  - f. Property Disposition Form
  - g. Property Incident Form
  - h. Property Transfer Report Form
  - i. Purchase and Disposition of Equipment
  - j. Request for Funds (locals)
  - k. OB-FSR Template
  - l. SEFA Worksheet
  - m. Transfer of Funds Request Form
  - n. Voluntary Deobligation of Funds Request Form
  - o. WIOA Fiscal Agent Audit Plan
  - p. WIOA Program Stand-in Costs

## **IX. Supporting Information.**

- A. Wagner-Peyser Act of 1933, 29 U.S.C. §§ 49-49n
- B. Workforce Innovation and Opportunity Act (WIOA), 29 U.S.C. §§ 3101-3361
- C. Pennsylvania Workforce Development Act of Dec. 18, 2001, 24 P.S. §§ 6250.101-6250.1502
- D. U.S.DOL Only WIOA Final Rules, 20 C.F.R., Parts 603, 651, 652,
- E. WIOA Joint Rule for Unified and Combined State Plans, Performance Accountability, and the One-Stop System Joint Provisions 20 C.F.R., Parts 676, 677, 678
- F. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule (also known as Uniform Guidance), 2 C.F.R. §§ 200.0-200.521
- G. United States Department of Labor Regulations for Grants and Agreements, 2 C.F.R. §§ 2900-2998.437

## **X. History.**

L&I's financial management policy (i.e., Workforce System Policy (WSP) No. 03-2015) and its associated guidance were written to take advantage of both the Workforce Innovation and Opportunity Act of 2014 (WIOA) and OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; Final Rule 2 CFR Chapter I, Chapter II, Part 200, et al. released December 2013.

After the publishment of WSP No. 03-2015, U.S. DOL released WIOA's promulgating final rules on December 22, 2015. Furthermore, OMB released multiple updates to Uniform Guidance. Due to OMB's 2024 revisions to Uniform Guidance (CFR Chapter I, Chapter II Part 200, et al.) L&I's BWDA is planning to publish an updated Financial Management Policy and FMG.

## **XI. Public Comment.**

This policy has not yet been posted for public comment.

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