



PROCUREMENT AND ALLOWABLE COSTS

PURPOSE

This policy provides the guidance and establishes the procedures regarding procurement for goods and services with Workforce Innovation and Opportunity Act (WIOA) funds. It also provides guidance and establishes procedures regarding general cost principles, allowable costs, and prior written approval related to WIOA funds.

SCOPE

The Workforce Development Board of Ventura County (WDBVC) and its service providers and subrecipients.

REFERENCES

- WIOA (Public Law 113-128)
- Title 2 Code of Federal Regulations (CFR) Part 200: "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance)
- Title 2 CFR Part 2900: "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Department of Labor [DOL] Exceptions)
- Title 20 CFR WIOA, "DOL; Final Rule"
- Title 34 CFR WIOA, "Joint Rule for Unified and Combined State Plans, Performance Accountability, and the One-Stop System Joint Provisions; Final Rule"
- California State Contracting Manual, Subject: Chapter 5: "Competitive Bidding Methods" (April 2015)
- Workforce Services Directive WSD16-10, Subject: Property - Purchasing, Inventory, and Disposal (November 10, 2016)
- WSD16-16, Subject: Allowable Costs and Prior Written Approval (February 21, 2017)
- WSD17-08, Subject: Procurement of Equipment and Related Services (March 14, 2018)
- WSD16-05, Subject: WIOA Closeout Requirements (July 29, 2016)
- WSB22-13, Subject: Selection of AJCC Operators and Career Services Providers (May 1, 2023)
- Title 21 United States Code (USC) Section 812
- Training and Employment Guidance Letter (TEGL) 15-14, Subject: Implementation of the New Uniform Guidance Regulations (December 19, 2014)
- Memorandum dated June 20, 2018: Executive Office of the President, Office of Management and Budget, "Implementing Statutory Changes to the Micro-Purchase and the Simplified Acquisition Thresholds for Financial Assistance"

POLICY

The Workforce Development Board of Ventura County is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.

Definitions

Contract – A legal instrument by which a subrecipient purchases property or services needed to carry out the project or program under a federal award. This term does not include a legal instrument, even if the non-federal entity considers it a contract, when the substance of the transaction meets the definition of a federal award or subaward (Uniform Guidance Section 200.22).

Contractor – An entity that receives a contract (Uniform Guidance Section 200.23).

Conflict of interest – An employee, officer, agent, or any member of the organization that has interest in a financial gain or tangible benefit and who participates in the selection, award, or administration of a contract supported by a federal award (Uniform Guidance Section 200.318[c][1]).

Cost Analysis – An element-by-element review and evaluation of the estimated or actual cost to determine the probable cost to the contractor.

Equipment – tangible personal property (including information technology systems) having a useful life of more than one year and an per unit acquisition cost of which equals or exceeds the lesser of the capitalization level established by the non-federal entity for financial statement purposes, or \$5,000 (Uniform Guidance Section 200.33).

Firewall – An established policy or procedure that acts as a barrier or protection against an undesirable influence, outcome, or authority. Examples of firewalls include but are not limited to organizational arrangements that provide clear separation of duties and responsibilities, reporting hierarchy of managers and staff that provide clear separation between job duties and responsibilities, and conflict of interest/confidentiality/disclosure agreements.

Information Technology Systems – Information technology systems means computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources (Uniform Guidance Section 200.58).

Invitation for Bid (IFB) – A type of solicitation document used in a formal competitive bidding process, which contains a detailed statement of what the agency is attempting to purchase. An IFB is used to obtain simple, common, or routine services that may require personal or mechanical skills. Qualifying bidders compete solely on the basis of cost (California State Contracting Manual).

Labor Surplus Area Firm – The Department of Labor maintains a listing of areas of the nation where the average unemployment rate is 20% higher than the national unemployment rate. A listing and other information on labor surplus areas can be found at www.doleta.gov/programs/lsa.cfm.

Micro-Purchase Threshold – Fiscal threshold set by Federal Acquisition Regulation (currently \$10,000 per Federal Acquisition Regulation [FAR] 48 CFR Subpart 2.1). The threshold is periodically updated based on inflation.

Pass-through Entity – A non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program (Uniform Guidance Section 200.74).

Price Analysis – The process of examining and evaluating a proposed price without evaluating its separate cost elements and proposed profit. This process determines whether the price is fair and reasonable.

Procurement – All stages of the process of acquiring property or services, beginning with the process for determining a need for property or services and ending with contract completion and closeout.

Questioned costs – Any cost or procurement that is questioned by an auditor, pass-through entity or awarding agency representative. Purchases can be questioned due to possible violations of statutes and regulations, inadequate documentation or possible unreasonable costs (Uniform Guidance Section 2900.3).

Request for Proposal (RFP) – A type of solicitation document, used in a formal competitive bidding process where an invitation is presented for suppliers to submit a proposal on a specific commodity or service. The RFP process brings structure to the procurement decision and is meant to allow the risks and benefits to be identified clearly up front. The RFP is used to obtain complex services in which professional expertise is needed and may vary and/or where different methods and approaches may be applied during performance. (California State Contracting Manual).

Request for Quote (RFQ) – A type of solicitation document, used in a formal competitive bidding process, mainly when the specifications of a product or service are already known and when price is the main or only factor in selecting the successful bidder.

Simplified Acquisition Threshold – Fiscal threshold set by Federal Acquisition Regulation (currently \$250,000 per FAR Subpart 2.1). The threshold is periodically updated based on inflation.

Subaward – An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract (Uniform Guidance Section 200.92).

Subrecipient – A non-federal entity that receives a subaward from a pass-through entity to carry out part of the federal program, but does not include an individual that is a beneficiary of such

program. A subrecipient may also be a recipient of other federal awards directly from the federal awarding agency (Uniform Guidance Section 200.93).

Supplies – All tangible personal property other than equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the nonfederal entity for financial statement purposes or \$5,000, regardless of the length of its useful life (Uniform Guidance Section 200.94).

Allowable Costs

Each state, Local Workforce Development Area (Local Area), and provider that receives funds under WIOA Title I is required to comply with Uniform Guidance (WIOA Section 184[a][3]). This includes general principles and guidance on selected items of cost. However, if more restrictive city, state, or federal guidelines exist, they take precedence. Service providers should review and update their local policies and procedures to ensure compliance with this guidance.

The Employment Development Department (EDD) has compiled a high-level matrix listing various cost items referenced in Uniform Guidance Sections 200.420 through 200.475 (Attachment I). The columns in the matrix contain various entity types, specific CFR sections, and DOL Exceptions sections (if applicable). The matrix also provides a quick reference guide indicating whether a cost item is allowable or not. Service providers can use the matrix as an initial tool, rather than the final authority, to determine whether a cost is allowable or not.

In general, to be an allowable charge to WIOA, a cost must meet the following criteria:

- Be necessary and reasonable for the performance of the award.
- Be allocable to the award.
- Conform to any limitations or exclusions set forth in the award.
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-federal entity.
- Be accorded consistent treatment.
- Be determined in accordance with generally accepted accounting principles.
- Not be used to meet cost sharing or matching requirements of any other federally financed program (without prior approval from the state).
- Be adequately documented.

Expenditure of WIOA funds is only allowable for those activities permitted by the WIOA statute or federal regulations. Required and permissible program activities for adult and dislocated workers can be found in WIOA Sections 134(c) and (d), respectively. Similarly, allowable program activities for the youth program can be found in WIOA Section 129.

Prohibited Use of Funds

Lobbying

Subrecipients that receive WIOA Title I funds must comply with the restrictions on political activities as specified in WIOA Section 195. This provision prohibits the use of WIOA Title I funds for publicity or propaganda purposes, or for materials designed to support or defeat the enactment of federal, state, or local legislation; proposed or pending regulation; administrative action; or order issued by the executive branch of any state or local government. This also includes prohibition of the use of Title I funds for activities designed to influence the enactment or issuance of legislation; appropriations; regulations; administrative action; or an Executive Order proposed or pending before Congress, any state government, state or local legislature, or legislative body.

Marijuana Industry

Uniform Guidance Section 200.331 requires the state, as the pass-through entity, to advise subrecipients of imposed requirements by federal laws, regulations, and the provisions of contracts or grant agreements, as well as additional requirements imposed by the state. Although California passed Proposition 64, in accordance with federal law (21 U.S.C 812), marijuana is classified as a Schedule 1 narcotic, and is therefore illegal from a federal standpoint.

All grant agreements between the DOL and the state must follow all applicable federal statute, regulations, and policies. Therefore, in accordance with federal law, WIOA funds cannot be used to directly or indirectly support the marijuana industry including, but not limited to, use, possession, growth or distribution of marijuana. This applies to WIOA; Wagner-Peyser; Trade Adjustment Assistance; Veterans' Employment and Training Service; and National Dislocated Worker Grant programs and services including, but not limited to, training, employer outreach, hiring events, career counseling, job orders and referrals.

Prior Written Approval

The Uniform Guidance includes administrative requirements and cost items that are allowable only with prior written approval from the federal awarding agency or pass through entity. Subrecipients should review the terms and conditions of their grant agreements to determine the appropriate authority to grant prior approval. As the pass-through entity of WIOA Title I funds, the WDBVC, and ultimately the EDD, is responsible for granting prior approval in most cases.

Under any given federal award, the reasonableness and allocability of certain cost items may be difficult to determine. To avoid subsequent disallowance or dispute, subrecipients should obtain prior written approval for the incurrence of special or unusual costs. The following matrix lists key sections of the Uniform Guidance that address when prior written approval is required.

| Circumstance | Section |
|--------------|---------|
|--------------|---------|

| | |
|--|-----------------------------|
| Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts | \$200.201, paragraph (b)(5) |
| Cost sharing or matching | \$200.306 |
| Program income | \$200.307 |
| Revision of budget and program plans | \$200.308 |
| Real property | \$200.311 |
| Equipment | \$200.313 |
| Fixed amount sub awards | \$200.332 |
| Direct costs | \$200.413, paragraph (c) |
| Compensation—personal services | \$200.430, paragraph (h) |
| Compensation—fringe benefits | \$200.431 |
| Entertainment costs | \$200.438 |
| Equipment and other capital expenditures | \$200.439 |
| Exchange rates | \$200.440 |
| Fines, penalties, damages and other settlements | \$200.441 |
| Fund raising and investment management costs | \$200.442 |
| Goods or services for personal use | \$200.445 |
| Insurance and indemnification | \$200.447 |
| Memberships, subscriptions, and professional activity costs | \$200.454, paragraph (c) |
| Organization costs | \$200.455 |
| Participant support costs | \$200.456 |
| Pre-award costs | \$200.458 |
| Rearrangement and reconversion costs | \$200.462 |
| Selling and marketing costs | \$200.467 |
| Taxes (including Value Added Tax) | \$200.470 |
| Travel costs | \$200.474 |

Subrecipients should thoroughly review the Uniform Guidance sections referenced above to determine when prior written approval must be obtained, and assess if their specific circumstance(s) require prior approval. As indicated in DOL Exception Section 2900.407, inclusion of item(s) in the statement of work or budget when awarded **does not** constitute prior approval; subrecipients must still follow all applicable policies and procedures outlined in this directive.

Property procurements with a unit acquisition cost of \$5,000 or more must have prior written approval. A non-property related purchase or circumstance that fits into one of the above referenced categories may still require prior written approval, regardless of the dollar amount.

Prior Written Approval Procedures

Subrecipients must complete and submit the Prior Written Approval Request (Attachment II), along with all necessary supporting documentation, to the WDBVC no less than 30 days before the requested action is to occur.

The WDBVC will consider the following factors in its review of the requests:

- Is this purchase necessary and reasonable?
- Have the best products been selected?
- What other costs are associated with the purchase?
- If applicable, what procurement method will be used?
- If applicable, was a lease option considered in lieu of the purchase?

The Prior Written Approval Request and supporting documentation can be submitted to the WDBVC electronically by e-mailing hsa-info.wdb@ventura.org.

Subrecipients will receive a formal notification from the WDBVC providing approval or denial of their request. Written approval must be received prior to the cost being incurred.

Approval is based on the supplied justification and supporting documentation for the proposed expenditure. If the actual expenditure is not in accordance with the justification or Uniform Guidance requirements, the expenditure can still be questioned or disallowed. Factors affecting this include, but are not limited to, the following:

- Inadequate justification.
- Failure to follow internal, state, or federal policies.
- Expenditure is not necessary or reasonable.
- Failure to comply with applicable federal law or regulations.

Documentation

Supporting documentation must be retained for all costs associated with a prior approval request. The documentation must establish that the expenditure meets the following criteria:

- Meets the cost principles (is necessary and reasonable for proper and efficient performance and administration of the grant).
- Is allocable to the grant based upon the benefits received.
- Is authorized or not prohibited under state or local laws and regulations.
- Conforms to any limitations or exclusions of cost item types or amounts, as set forth in the Uniform Guidance, federal law, federal award, or other governing regulations.
- Is consistent with applicable policies, regulations, and procedures.

General Procurement Policy Requirements

The guidance in this policy applies to all purchases of equipment (goods) and related services for the operation and support of the WIOA program or for the benefit of WIOA participants. The procedures and guidelines described in this directive are to be used by all subrecipients using WIOA funds to make a purchase.

Subrecipients must use their own documented procurement procedures if they are consistent with applicable state and local laws and regulations and the procurements conform to the applicable standards in Uniform Guidance Sections 200.318 through 200.326.

Subrecipients must have written procurement procedures that include, but are not limited to, the following:

- Procedures to administer contracts and ensure contractors perform in accordance with the terms, conditions and specifications of contracts.
- A written code of conduct and clearly established firewalls for employees engaged in the award agreements or administration to avoid any internal or external conflict of interest.
- Procedures that detail the requirement for a review of prospective procurements to avoid purchase of unnecessary or duplicate items.
- Procedures that promote the use of shared resources and other agreements for common goods and services, as well as the use of federal excess and surplus property wherever possible.
- Standards to ensure that awards are made only to responsible contractors. The awarding agency standards should address integrity, compliance with public policy, past performance, and contractor resources (technical and financial) for prospective contractors.
- Procedures should document each significant step in making an award. The documentation should include: rationale for method of procurement, selection of agreement type, selection or rejection criteria, and the basis for the contract price, including the independent agency estimate of price.
- Procedures which details the settlement of all procurement issues, including those related to source evaluation, protests, claims, and disputes.
- Procedures to utilize small, minority, or women owned business or labor surplus area firms whenever possible.
- Procedures for analysis of lease versus purchase alternative to determine the most economical and practical procurement (Uniform Guidance Section 200.323).
- Procedures for conducting a price or cost analysis for every procurement action that exceeds the Simplified Acquisition Threshold. The extent of the analysis should depend on factors of the procurement, but at minimum include an estimated cost of the purchases before bids or proposals are sought (Uniform Guidance Section 200.323).

Each subrecipient's written procurement policies must be established and available for review by the WDBVC, Employment Development Department (EDD), or the DOL. These policies may be self-certified.

Subrecipients may request a review of their policies by WDBVC staff to ensure compliance at the subrecipient's request (Uniform Guidance Section 200.324).

Additional WIOA Requirements

In addition to the requirements of Uniform Guidance Sections 200.318 through 200.326, the following requirements apply to procurements and agreements funded under the WIOA:

- All procurement contracts must be conducted on a cost-reimbursement basis (DOL Final Rule Section 683.200[c][4]).
- If a fixed amount award with a governmental or nonprofit agency results in revenues in excess of actual costs incurred, the excess revenues are considered to be program income (DOL Final Rule Section 683.200[c][7]). Any fixed amount awards should reference this requirement. For more information regarding program income refer to the directive Program Income (WSB 15-25)
- Local workforce investment plans must contain the competitive process used to award contracts funded under the WIOA and training services outside the Individual Training Account (ITA) (DOL Final Rule Section 679.560[b][15]).
- The procurement requirements do not apply to the identification of eligible training providers. The process for identification of eligible training providers for training services under the WIOA is described in DOL Final Rule Section 680, Subpart B. The state is responsible for the development and maintenance of a state-wide training provider list. While not a federal requirement, each grantee should have a formal agreement for services when a training provider is to deliver services. This may be in the form of a purchase order, contract, voucher, or other mechanism that provides for payment information and may be incorporated or referenced in the individual ITAs.

Reasonable Costs

All WIOA procurements must be “necessary and reasonable” in the operation of the WIOA programs and conform to the following:

Consistent with uniform guidance and established policies and procedures.

- Similar costs must be considered either direct or indirect costs.
- Costs must be determined with generally accepted accounting principles.
- Costs must not be used as cost sharing or matching requirements.
- Costs must be adequately documented.

Procurements may benefit other non-WIOA/organizational operations if the procurement is necessary to WIOA program and the cost can be distributed in proportion of use. If the procurement benefits multiple WIOA projects the cost should be allocated based on relative benefit. If the relative benefit cannot be determined, a reasonable and documented method may be used. Costs cannot be shifted to additional programs to overcome fund deficiencies or to avoid federal restrictions (Uniform Guidance Section 200.405).

Procurement Methods

All procurement actions are to be conducted in a manner that provides for “full and open competition” (Uniform Guidance 200.319). No procurement transaction will contain any requirements that restrict competition, unfairly promotes a single contractor or product, places excess burden on a contractor, or presents an organizational conflict of interest.

The type of purchase method is generally determined by the “per transaction” value of the procurement and the type of good or service being purchased. “Per transaction” is a single solicitation for a single item (e.g., copy machine), group of related items (e.g., office furniture), or a specified service (e.g., staff training). Purchases are not to be broken down into smaller components to avoid more stringent procurement requirements.

Within the context of open competition, there are five procurement methods by which subrecipients may procure goods or services; micro purchase, small purchase, sealed bids, competitive proposals, and noncompetitive proposals.

Micro Purchase

The micro purchase procurement method is used when the “per transaction” value of a purchase is less than the micro-purchase threshold (currently \$10,000 per Federal Acquisition Regulation [FAR] 48 CFR Subpart 2.1), and may be used without soliciting competitive quotations if the price is reasonable. The micro-purchase threshold is periodically updated based on inflation. To the extent practicable, micro-purchases must be distributed equitably among qualified suppliers. Although micro-purchases are not required to receive written prior or purchase approval, they must still be documented.

Small Purchase

The small purchase procurement method may be used when the “per transaction” value of a purchase of equipment or services is less than the Simplified Acquisition Threshold (currently \$250,000 per FAR Subpart 2.1). The Simplified Acquisition Threshold is periodically updated based on inflation. Informal quotations are used for small purchase procurements, in lieu of the more expensive and time consuming sealed bid or competitive proposal methods.

Price as determined by a price analysis is generally the main factor when determining awards. However, other factors such as availability, delivery time, current stock, and location can be taken into consideration.

Purchases between \$10,000 and \$250,000 require a minimum of two documented quotes from qualified sources. Documented quotes can be obtained from catalogs, price lists, or from a contractor in writing. Catalogs or price lists should be no more than one year old.

Proper documentation for a small purchase includes the following:

- The reason for selecting the small purchase method.
- The subrecipient’s estimate of the potential purchase price.

- A description of the goods or services being purchased, including the quantity and any additional criteria used to determine the procurement decision.
- All providers contacted/considered and the prices offered using current catalogs, price lists, prior sales receipts, or formal quotes depending on the amount of the purchase.
- Why the provider was selected, including how the provider met any additional criteria, and the price analysis.
- Copy of the purchase document (sales receipt, contract).

Sealed Bids

The sealed bid procurement method is generally used when the “per transaction” value of the good or service to be purchased will be more than the Simplified Acquisition Threshold, and its nature can be precisely defined. The desired procurement must have a complete, adequate and realistic specifications or purchase description.

The sealed bid process requires the issuance of an Invitation for Bid (IFB). The IFB must be publicly solicited or advertised to an adequate number of known suppliers, provide sufficient time to respond, and clearly state specifications, bidding processes, and dates. The IFB defines the quantity, timeframes, product requirements, specifications, and pertinent attachments of the good or service being purchased. Contractors are notified of the purchase requirements and submit a sealed bid to a specified location by a specified date and time.

A diligent effort should be made to secure at least three competitive bids. The responsible bidder (a bidder that can meet the technical requirements of the procurements) that submits the lowest bid will be awarded the contract. The lowest bid should be calculated with factors such as discounts, transportation, and life cycle costs. Any bidder that falls outside of the parameters will normally have their bid rejected. Award of a firm fixed-price or fixed unit price contract by written notice is sent to the lowest responsible bidder. Bids may be rejected with sound and documented rationale. If only one bid is obtained and that bidder is deemed to be responsible, then the noncompetitive process may be used.

Proper documentation for a sealed bid purchase includes the following:

- The reason for selecting the sealed bid method.
- The subrecipient’s estimate of the potential purchase price.
- A copy of the IFB.
- Bids received.
- Determination of the responsibility of the bidder.
- Why the provider was selected.
- Copy of the award document.

Competitive Proposals

This method is typically used when the “per transaction” value of the good or services will be more than the Simplified Acquisition Threshold, but its nature cannot be defined as precisely as required by the sealed bid method. Competitive proposals are specifically used when factors other than price are important in the selection decision or if the technical requirements or specifications are of a functional nature or unclear.

The competitive proposal procurement method is generally used when conditions for a sealed bid cannot be met. The Request for proposal (RFP) must be publicly solicited or advertised to an adequate number of known suppliers. A RFP should be issued that defines quantity, timeframes, product requirements, specifications, and the evaluation factors used along with their importance. Contractors submit a proposal based on the purchase requirements of the RFP to a specified location by a specified date and time to be evaluated.

All proposals should be considered on the merits of the proposal and a written review of technical evaluations should be retained for each. The review committee then makes a final recommendation as to which proposal(s) best meets the stated requirements. Careful documentation of the successful bidder selection should be maintained for reference. A public notice of intent to award should be issued followed by the award and the execution of the contract. If only one proposal is obtained and that proposal is deemed to be responsible, then the noncompetitive proposal method may be used.

If less than three bids are received during a competitive process, justification must be written explaining the limited participation. The justification should include firms and individuals contacted. These documents should be kept in the agency’s contract file and submitted with procurement requests, if applicable.

Proper documentation for a competitive proposal purchase includes the following:

- The reason for selecting the competitive proposal method.
- The subrecipient’s estimate of the potential purchase price.
- A copy of the RFP.
- Proposals received.
- The scoring criteria and the evaluation/scoring sheets for each proposal, including determination of the responsibility of the bidder and the cost analysis.
- Why the provider was selected.
- The public notice of intent to award.
- Copy of the award document.

Noncompetitive Proposals

Noncompetitive proposals may only be used under certain limited circumstances. The reason for selecting this method along with the justification for the provider selection must be carefully documented and maintained. Per Uniform Guidance Section 200.320(f), the purchase must be infeasible under one of the other methods discussed above, and one of the following conditions apply:

- The good or service is available from only one source.
- Public exigency or emergency creates an immediate procurement need (e.g., a flood or fire requires the immediate availability of services).
- The federal awarding agency or pass-through entity authorizes the specific noncompetitive procurement (upon a formal request for approval).
- Competition is determined inadequate. This usually occurs after a sealed bid or competitive process has been used and there are insufficient bidders.

Proper documentation for a noncompetitive proposal purchase includes the following:

- The reason for selecting the method, including why the procurement was infeasible under one of the other procurement methods and which of the additional conditions the procurement met.
- The estimate of the potential purchase price.
- A copy of the RFQ/IFB/RFP.
- A determination of the responsibility of the bidder.
- Why the provider was selected.
- Copy of the award document.

Procurement Method Review

| Procurement Method | Cost Limits | Minimum Bids/Quotes Needed |
|--------------------------|--------------------------------|--|
| Micro Purchases | Less than \$10,000 | One quote at a reasonable cost |
| Small Purchases | Between \$10,000 and \$250,000 | Two quotes: written or from a catalog |
| Sealed Bids | Any | Three formal written bids in response to an IFB |
| Competitive Proposals | Any | Three written competitive proposals in response to a RFP |
| Noncompetitive Proposals | Any | All bids and quotes obtained |

Procurement Purchase Approval and Review Timeline

Written approvals must be obtained by the subrecipients prior to the purchase of procurements valued over \$5,000. To obtain purchase approval, subrecipients must complete the Prior Written Approval Request (Attachment II) and submit it with any other required paperwork, to the

WDBVC via email. Procurement requests should be received no less than 30 calendar days before the requested procurement action is scheduled to occur (DOL Exceptions Section 2900.16).

Approval can take a month once submitted so it is crucial that requests are submitted timely. See the table below of approval process and timeline. A decision letter will be mailed to the entity's director at the end of the review process.

| Step | Approval Criteria | Timeframe |
|------|---|------------------------|
| 1 | <ul style="list-style-type: none">Proposed procurement is reasonable, allowable and necessaryCost sharing review | Up to 10 business days |
| 2 | <ul style="list-style-type: none">Technical review of proposed procurementProposed procurement cannot be provided by state or local partners | Up to 6 business days |
| 3 | <ul style="list-style-type: none">Proposed procurement is reasonable and allowableAvailability of fundsProcurement method review | Up to 14 business days |

Once the procurement has been approved via an approval letter, the WIOA funds account may be charged for the purchase. If a procurement is denied, the subrecipient will receive a letter specifying the reason for the denial. If a procurement request is not approved and property is charged, the subrecipient may incur a disallowed cost. Subrecipients can appeal a denial of procurement.

Questioned and Disallowed Costs

Funds used for procurements that are determined by an auditor, the cognizant agency, the pass-through entity or authorized awarding agency representative to be unallowable will be returned to the federal government (Uniform Guidance Section 200.345). Such unallowable procurements are defined as questioned costs in DOL Exceptions Section 2900.3. Questioned costs could result from the following:

- Procurements that violate statute, regulations, or terms and conditions of award.
- Procurements without support documentation.
- Procurements with unreasonable costs.

For further guidance on the disposition of disallowed costs, please refer to Workforce Services Directive WIOA Closeout Requirements (WSD16-05).

Required Contract Clauses

Contracts entered into by subrecipients may be fixed price or cost reimbursement, depending on the method of procurement and goods or services being procured. Each agreement funded by federal funds must contain the following contract clauses referred to in Uniform Guidance Appendix II to Part 200, as appropriate:

- A. All contracts in excess of the Simplified Acquisition threshold must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms. The clause must also provide for sanctions or penalties, as appropriate.
- B. All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-federal entity, including the process for exercising the clause and the basis for settlement.
- C. Compliance with Equal Employment Opportunity provisions identified in 41 CFR Part 60.
- D. Compliance with the Davis-Bacon Act (40 U.S.C. 3141–3144 and 40 U.S.C. 3141-3148) for prime construction contracts in excess of \$2,000.
- E. Compliance with the Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708) for contracts in excess of \$100,000 that involve the employment of mechanics or laborers.
- F. Compliance with Rights to Inventions Made by Nonprofit Organizations and Small Business Firms under Government Grants (37 CFR Part 401) for any small business or nonprofit organization.
- G. Compliance with the Clean Air Act (42 U.S.C. 7401–7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251–1387) for any contract in excess of \$150,000.
- H. A provision requiring that contracts must not be issued for any entity listed on the Excluded Parties List System in the System for Award Management (SAM)
- I. Compliance with the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) for contractors bidding over \$100,000.
- J. Compliance with Section 6002 of the Solid Waste Disposal Act and 40 CFR part 247 for items in excess of \$10,000.

It should also be included in all applicable agreements that, regardless of the procurement method, anyone who provides WIOA services must abide by the WIOA equal opportunity and nondiscrimination provisions of Section 188 and 29 CFR Part 38.

The Uniform Guidance applied to all federal awards made on or after December 26, 2014. Therefore, beginning with WIOA Program Year 2015-16 funds, all subrecipients of this funding must adhere to the Uniform Guidance, DOL Exceptions, and corresponding WIOA administrative requirements.

ACTION

Bring this policy to the attention of all affected staff.

INQUIRIES

Inquiries regarding this policy can be addressed to the WDBVC at 805-477-5306.

/S/ Rebecca Evans, Executive Director
Workforce Development Board of Ventura County

ATTACHMENTS:

- Attachment I - Cost Items Matrix
- Attachment II - Prior Written Approval Request

COST ITEMS MATRIX

THIS COST ITEMS MATRIX SHOULD ONLY BE USED AS A QUICK REFERENCE GUIDE.

The *Workforce Innovation and Opportunity Act* (WIOA), Title 2 *Code of Federal Regulations* (CFR) Part 200 (Uniform Guidance), and Title 2 CFR Part 2900 (Department of Labor [DOL] Exceptions), contain definitive guidance and final authority for determining whether or not a cost is allowable.

The matrix on the following pages identifies the cost items and different types of entities. When determining whether the cost of an item is allowable, users must also refer to the applicable sections of the Uniform Guidance, DOL Exceptions, and WIOA.

Failure to address a particular cost item is not intended to imply that it is allowable or unallowable. Rather, the determination of allowability in each case must be based on the treatment or principles provided for similar or related costs. In the case of a discrepancy between the Uniform Guidance and the provisions of a specific federal award administered by the pass-through entity, the federal award provisions govern. Note also that, in some instances, different cost items may be similarly named, and there may be some overlap between the various cost items.

When reviewing the matrix please use the following legend:

| Legend Key | Legend Key Definition |
|------------|---------------------------------------|
| A | Allowable |
| AP | Allowable with Prior Approval |
| AC | Allowable with Conditions |
| U | Unallowable |
| NS | Not Specified in the Uniform Guidance |

If a cost item is denoted with two or more legend keys, users should delve further into the various information sources as they may provide the additional clarity that is needed. If this effort does not provide the necessary information, then subrecipients should contact their Project Manager.

The “NS” legend key denotes that information may not be readily available. In this event, the subrecipient should seek other sources before contacting their Project Manager.

The “AP” legend key denotes that, in some instances, prior written approval will be required from the Cognizant Agency or Governor. In this event, one should adhere to the Uniform Guidance Section 200.407, and DOL Exceptions Section 2900.16.

| | Cost Item | Educational Institutions | Non-Profit Organizations | State, Local and Indian Tribal Governments | Uniform Guidance Section | DOL Exception Section |
|----|---|---------------------------------|---------------------------------|---|---------------------------------|------------------------------|
| 1 | Advertising and public relations | A/U | A/U | A/U | 200.421 | |
| 2 | Advisory councils | AC/U | AC/U | AC/U | 200.422 | |
| 3 | Alcoholic beverages | U | U | U | 200.423 | |
| 4 | Alumni/ae activities | U | NS | NS | 200.424 | |
| 5 | Audit services | AC/U | AC/U | AC/U | 200.425 | |
| 6 | Bad debts | U | U | U | 200.426 | |
| 7 | Bonding costs | A | A | A | 200.427 | |
| 8 | Collection of improper payments | A | A | A | 200.428 | |
| 9 | Commencement and convocation costs | AC/U | NS | NS | 200.429 | |
| 10 | Compensation – personal services | A/U | A/U | A/U | 200.430 | |
| 11 | Compensation – fringe benefits | A /U | A /U | A /U | 200.431 | |
| 12 | Conferences | A | A | A | 200.432 | |
| 13 | Contingency provisions | AC/U | AC/U | AC/U | 200.433 | 2900.18 |
| 14 | Contributions and donations | U | U | U | 200.434 | |
| 15 | Defense and prosecution of criminal and civil proceedings, claims, appeals, and patent infringement | AC/U | AC/U | AC/U | 200.435 | |
| 16 | Depreciation | AC | AC | AC | 200.436 | |
| 17 | Employee health and welfare costs | A | A | A | 200.437 | |
| 18 | Entertainment costs | U/AP | U/AP | U/AP | 200.438 | |
| 19 | Equipment and other capital expenditures | AP/U | AP/U | AP/U | 200.439 | |
| 20 | Exchange rates | AP | AP | AP | 200.440 | |
| 21 | Fines, penalties, damages and other settlements | U/AP | U/AP | U/AP | 200.441 | |
| 22 | Fund raising and investment management costs | U/AP/A | U/AP/A | U/AP/A | 200.442 | |
| 23 | Gains and losses on disposition of depreciable assets | AC | AC | AC | 200.443 | |
| 24 | General cost of government | NS | NS | U/A | 200.444 | |
| 25 | Goods or services for personal use | U/AP | U/AP | U/AP | 200.445 | |
| 26 | Idle facilities and idle capacity | AC/U | AC/U | AC/U | 200.446 | |
| 27 | Insurance and | AC/U | AC/U | AC/U | 200.447 | |

| | Cost Item | Educational Institutions | Non-Profit Organizations | State, Local and Indian Tribal Governments | Uniform Guidance Section | DOL Exception Section |
|----|---|---------------------------------|---------------------------------|---|---------------------------------|------------------------------|
| | indemnification | | | | | |
| 28 | Intellectual property | A/U | A/U | A/U | 200.448 | |
| 29 | Interest | AC/U | AC/U | AC/U | 200.449 | |
| 30 | Lobbying | U | U | U | 200.450 | |
| 31 | Losses on other awards or contracts | U | U | U | 200.451 | |
| 32 | Maintenance and repair costs | A | A | A | 200.452 | |
| 33 | Material and supplies costs, including costs of computing devices | A | A | A | 200.453 | |
| 34 | Memberships, subscriptions, and professional activity costs | A/U | A/U | A/U | 200.454 | |
| 35 | Organization costs | U/AP | U/AP | U/AP | 200.455 | |
| 36 | Participant support costs | AP | AP | AP | 200.456 | |
| 37 | Plant and security costs | A | A | A | 200.457 | |
| 38 | Pre-award costs | AP | AP | AP | 200.458 | |
| 39 | Professional services costs | A | A | A | 200.459 | |
| 40 | Proposal costs | A | A | A | 200.460 | |
| 41 | Publication and printing costs | A | A | A | 200.461 | |
| 42 | Rearrangement and reconversion costs | A/AP | A/AP | A/AP | 200.462 | |
| 43 | Recruiting costs | A/U | A/U | A/U | 200.463 | |
| 44 | Relocations costs of employees | AC/U | AC/U | AC/U | 200.464 | |
| 45 | Rental costs of real property and equipment | AC/U | AC/U | AC/U | 200.465 | |
| 46 | Scholarships and student aid costs | AC | NS | NS | 200.466 | |
| 47 | Selling and marketing | U/AP | U/AP | U/AP | 200.467 | |
| 48 | Specialized service facilities | AC | AC | AC | 200.468 | |
| 49 | Student activity costs | U/AP | U/AP | U/AP | 200.469 | 2900.19 |
| 50 | Taxes | AC | AC | AC | 200.470 | |
| 51 | Termination costs | AC/U | AC/U | AC/U | 200.471 | |
| 52 | Training and education costs | A | A | A | 200.472 | |
| 53 | Transportation costs | A | A | A | 200.473 | |
| 54 | Travel costs | AC | AC | AP | 200.474 | |
| 55 | Trustees | A | A | NS | 200.475 | |

Prior Written Approval Request

Subrecipient Name _____

Subrecipient E-mail _____ Request Date _____

Instructions – For Prior Written Approval Requests that include costs, complete Sections A, C and D. For requests that do not include costs, complete Sections B, C and D.

Section A – Requests that include costs

Item of cost being requested _____

Estimated total cost _____

Is this purchase necessary and reasonable? Describe the item of cost and its functionality.

Is the purchase needed? Describe the reason for the purchase/rent/subscription including functionality not provided by state or local partners.

What other costs are associated with the purchase? Describe additional costs (maintenance, set up, taxes, fees, etc.) associated with the purchase.

Have the best products been selected? Describe how the product will be selected.

If applicable, what procurement method will be used? Describe the procurement method selected and justification of procurement.

If applicable, was a lease option considered in lieu of the purchase? Describe leasing options as part of the consideration.

If applicable, name and address of the entity where the property will be located.

Section B – Requests that do not include costs but still require prior written approval

Describe the circumstance that requires prior written approval.

Section C – 30-day requirement

Is this request being made more than 30 days before the requested action is to occur?

☐ Yes

☐ No

If approved, date that the requested action is to occur.

Section D – Signature

By signing below, the authorized representative requests a prior written approval for the item of cost listed above.

Name _____ Signature _____

Title _____ Date _____

For WDBVC Use

WDBVC Project Manager _____ Date _____

Executive Director _____ Date _____