PART I - FINANCIAL MANAGEMENT POLICY

The New River/Mount Rogers Workforce Development Area Consortium Board (NRMRWDACB) executes its fiscal responsibilities in coordination with the New River/Mount Rogers Workforce Development Board (NRMRWDB), which serves as the operational entity responsible for program implementation. All programmatic actions are subject to NRMRWDACB fiscal policies and controls.

I. PURPOSE

The purpose of this policy is to establish a comprehensive financial management framework governing the administration, control, accounting, reporting, and safeguarding of all funds administered by the New River/Mount Rogers Workforce Development Area Consortium Board (NRMRWDACB).

This policy ensures:

- Compliance with 2 CFR Part 200 (Uniform Guidance)
- Compliance with WIOA and other federal statutes (where applicable)
- Compliance with Virginia Works guidance
- Strong internal control systems
- Prevention of fraud, waste, and abuse
- Transparency and accountability in public fund stewardship

II. REGULATORY AUTHORITY

NRMRWDACB shall comply with:

- 2 CFR Part 200 – Uniform Administrative Requirements
- 2 CFR Subpart E – Cost Principles
- 2 CFR Subpart F – Audit Requirements
- 29 CFR Part 38 (Equal Opportunity)
- WIOA (where applicable)
- Virginia Works guidance

- GAAP and GASB standards

Where regulations conflict, the stricter requirement shall apply.

III. FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS

(2 CFR §200.302)

NRMRWDACB shall maintain a financial management system that:

1. Identifies all awards by:
    - Assistance Listing Number
    - FAIN
    - Award year
    - Funding source
2. Accurately records:
    - Obligations
    - Expenditures
    - Match
    - Program income
3. Compares budget to actual expenditures.
4. Maintains internal control over assets.
5. Produces financial reports required by awarding agencies.

IV. INTERNAL CONTROLS

(2 CFR §200.303)

NRMRWDACB shall establish and maintain effective internal controls consistent with:

- GAO Green Book
- COSO Internal Control Framework

Internal controls shall:

- Safeguard assets
- Ensure allowability of costs

- Maintain segregation of duties
- Prevent fraud and misuse
- Support accurate financial reporting
- Ensure timely corrective action

V. SEGREGATION OF DUTIES

No single individual shall control:

- Authorization
- Execution
- Recording
- Reconciliation

of the same financial transaction.

Where staffing limitations exist, compensating controls shall be implemented and documented.

VI. COST PRINCIPLES

All costs charged to awards must be:

- Necessary
- Reasonable
- Allocable
- Consistently treated
- GAAP-compliant
- Adequately documented

Unallowable costs must be repaid from non-federal sources.

VII. CASH MANAGEMENT

NRMRWDACB shall:

- Minimize time between drawdown and disbursement

- Draw only immediate cash needs
- Reconcile drawdowns monthly
- Comply with 2 CFR §200.305

VIII. PROCUREMENT

All procurement shall comply with:

- 2 CFR §§200.317–327
- Full and open competition
- Cost/price analysis requirements
- Conflict of interest standards

IX. MATCH AND COST SHARING

Match must:

- Be verifiable
- Not be used for another federal award
- Be necessary and reasonable
- Be documented

X. SUBRECIPIENT FISCAL OVERSIGHT

NRMRWDACB shall:

- Conduct risk assessments
- Monitor financial performance
- Review Single Audit reports
- Issue management decisions
- Enforce corrective actions

XI. FINANCIAL REPORTING

NRMRWDACB shall prepare accurate and timely:

- Federal financial reports
- Board reports
- Subrecipient expenditure reports

All reports must reconcile to accounting records.

XII. AUDIT AND CORRECTIVE ACTION

If subject to Single Audit, NRMRWDACB shall:

- Address findings promptly
- Develop corrective action plans
- Track resolution
- Report to the Board

XIII. POLICY REVIEW

This manual shall be reviewed annually and updated to reflect regulatory changes and operational improvements.

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XIV. POLICY ENFORCEMENT AND COMPLIANCE

Failure to comply with this policy may result in:

- Disallowance of costs
- Required repayment of funds
- Corrective action requirements
- Disciplinary action, up to and including termination
- Referral to appropriate authorities when warranted

XV. POLICY REVIEW

This manual shall be reviewed at least annually and updated as necessary to reflect regulatory changes, audit findings, and operational improvements.

XVI. PRINCIPLES OF FISCAL STEWARDSHIP

All staff involved in the administration of funds are expected to operate under the following principles:

1. Public Trust

All funds administered by NRMRWDACB are public funds and must be managed with the highest level of integrity, transparency, and accountability.

2. Reasonableness and Judgment

Staff must exercise sound judgment when making financial decisions, ensuring that costs are necessary, reasonable, and directly support program objectives.

3. Documentation as Evidence

If a cost or action is not documented, it is considered not to have occurred for compliance purposes. All financial actions must be fully supported by documentation.

4. Consistency

Financial practices must be applied consistently across funding streams, participants, vendors, and subrecipients.

5. Separation of Authority

No individual may control all aspects of a financial transaction. All actions must follow established approval and review layers.

6. Conservative Decision-Making

When uncertainty exists regarding allowability or compliance, staff shall take the more conservative approach and seek clarification prior to action.

7. Accountability

All staff are accountable for the financial decisions they make and must be prepared to justify those decisions during monitoring or audit.

XVII. FISCAL DECISION-MAKING FRAMEWORK

All financial decisions must be evaluated using the following framework:

1. Is the cost allowable?

Does the cost comply with 2 CFR Part 200 and all applicable regulations?

2. Is the cost reasonable?

Would a prudent person pay this amount under similar circumstances?

3. Is the cost allocable?

Does the cost directly benefit the program or funding source being charged?

4. Is the cost necessary?

Is the cost essential to carrying out program objectives?

5. Is the cost documented?

Is there sufficient documentation to support the expense?

6. Is funding available?

Has the cost been verified against budget and obligation balances?

7. Has proper approval been obtained?

Has the cost gone through required programmatic and fiscal review layers?

If the answer to any of these questions is “no,” the cost shall not be approved.

XVIII. ROLES IN FISCAL ACCOUNTABILITY

Fiscal responsibility is shared across multiple roles:

- Executive Director: Provides overall fiscal oversight, approves major financial actions, and ensures compliance with all regulatory requirements.
- Program Manager: Ensures that expenditures align with participant eligibility, service plans, and program goals.
- Finance Manager: Ensures that all costs are allowable, properly documented, and within budget.
- Accounting Technician and Finance Technician: Support financial tracking, reconciliation, and documentation verification.
- Fiscal Agent: Executes financial transactions, maintains accounting records, and prepares financial reports.

No single role may independently authorize, process, and reconcile the same transaction.

XIX. COMMON COMPLIANCE RISKS

The following are common areas of financial risk and must be carefully monitored:

• Charging costs without proper documentation

• Approving costs prior to verifying budget availability

• Allowing programmatic approval to substitute for fiscal authorization

• Failing to track obligations, resulting in over-expenditure

• Misclassification of subrecipients and contractors

• Inadequate procurement documentation

• Failure to verify SAM registration

• Charging costs to incorrect funding streams

• Duplicate payments or duplication of benefits

• Insufficient match documentation

Staff must remain vigilant in identifying and preventing these risks.

XX. STANDARDS OF FISCAL EXCELLENCE

A strong financial management system is characterized by:

• Clear documentation supporting all expenditures

• Timely and accurate financial reporting

• Consistent application of policies

• Strong segregation of duties

• Proactive identification of risks

• Immediate correction of errors

• Alignment between programmatic activity and financial records

• Audit-ready files at all times

NRMRWDACB is committed to maintaining a system that meets or exceeds these standards.

ONE-PAGE STAFF GUIDANCE TOOL

"Before you approve, ask these questions."

THE 7-STEP FISCAL CHECK

Before ANY cost is approved:

1. **Allowable?**
   → Does it follow 2 CFR Part 200?
2. **Reasonable?**
   → Would a normal person think this cost makes sense?
3. **Necessary?**
   → Is this required for the program or participant?
4. **Allocable?**
   → Is it charged to the correct funding source?
5. **Budget Available?**
   → Do we have enough funds (after obligations)?
6. **Documented?**
   → Do we have invoice, justification, and approvals?
7. **Approved Properly?**
   → Program Manager + Finance Manager review completed?

If ANY answer is "no" → STOP. Do not approve.

THE GOLDEN RULES

- If it's not documented, it didn't happen.
- Program approval ≠ Fiscal approval
- You cannot approve your own expense
- Never "fix" a budget by charging the wrong grant
- When unsure, ask before acting

HOW MONEY FLOWS (SIMPLIFIED)

Case Manager to Program Manager to Finance Manager to Fiscal Agent to Reconciliation to Executive Oversight

No shortcuts. Ever.

BIGGEST RISKS TO AVOID

- Paying without documentation
- Over-obligating funds
- Using wrong funding stream
- Missing procurement requirements
- Duplicate payments or benefits
- Not verifying vendor (SAM)
- Weak case notes or justification

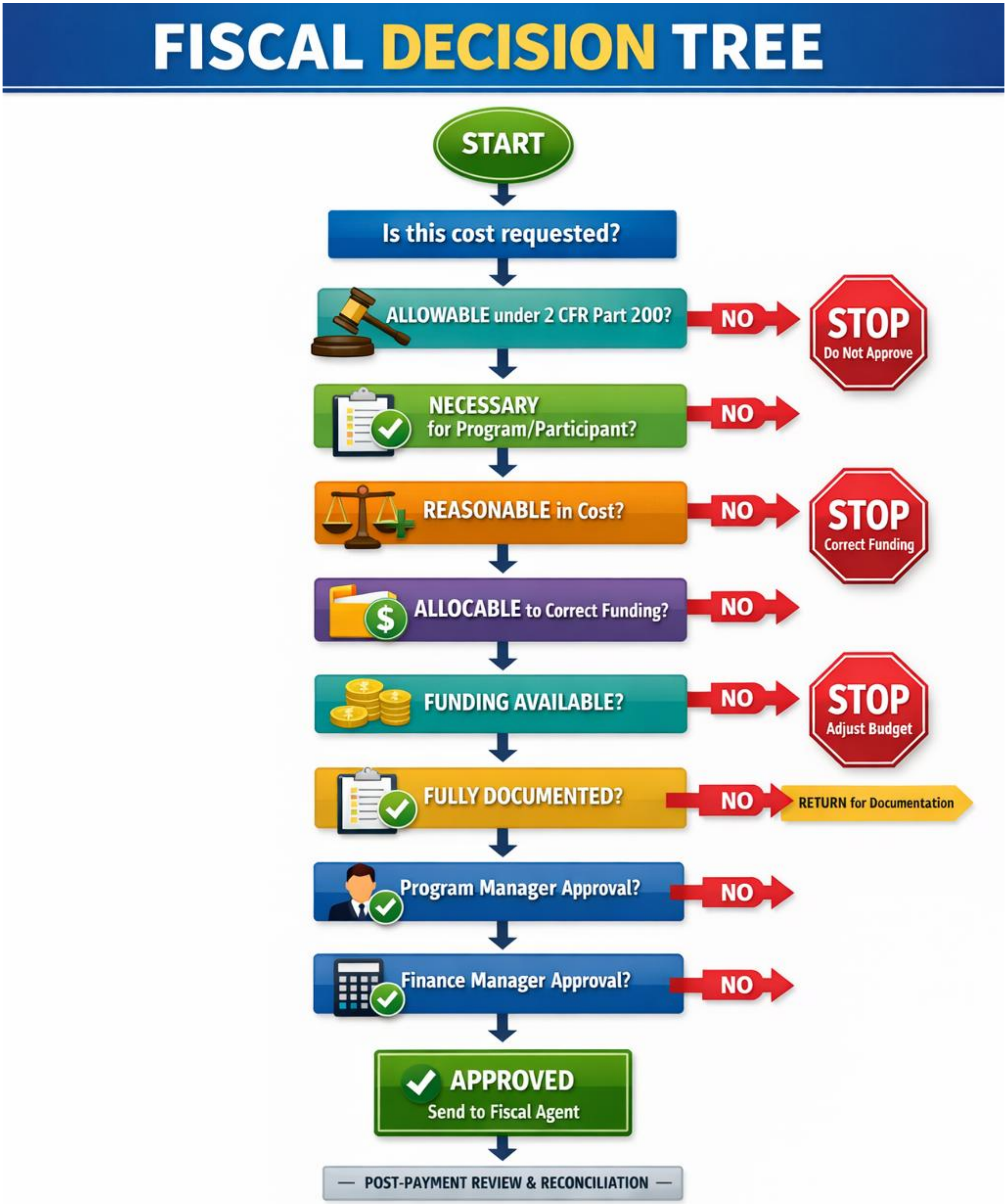
WHAT GOOD LOOKS LIKE

- Every cost has a clear purpose + documentation
- Budget always matches reality
- Files are audit-ready at any time
- Staff ask questions before approving
- Issues are corrected immediately

WHEN IN DOUBT

Ask:

- Finance Manager: allowability and budget
- Program Manager: eligibility and service alignment
- Executive Director: high-risk or unusual decisions


FISCAL DECISION TREE
START
Is this cost requested?
ALLOWABLE under 2 CFR Part 200?
NO
STOP
Do Not Approve
NECESSARY for Program/Participant?
NO
REASONABLE in Cost?
NO
STOP
Correct Funding
ALLOCABLE to Correct Funding?
NO
FUNDING AVAILABLE?
NO
STOP
Adjust Budget
FULLY DOCUMENTED?
NO
RETURN for Documentation
Program Manager Approval?
NO
Finance Manager Approval?
NO
APPROVED
Send to Fiscal Agent
— POST-PAYMENT REVIEW & RECONCILIATION —