SECTION 22 – SERVICE AUTHORIZATION AND FINANCIAL OBLIGATION CONTROLS

22.1 Purpose

This section establishes procedures governing the authorization, approval, documentation, and financial obligation of participant services prior to the delivery of services or expenditure of funds.

These procedures ensure:

- Services are authorized before delivery
- Funds are obligated before costs are incurred
- Documentation supports all financial commitments
- Program and fiscal controls are aligned
- Segregation of duties is maintained
- Disallowed costs are prevented

Service authorization procedures apply to all participant services, including training, work-based learning activities, supportive services, and employer-based training agreements.

Fiscal execution must comply with the Financial Management and Procedures Manual.

22.2 Service Authorization Requirement

No service may begin and no funds may be expended until the service has been formally authorized.

Authorization must occur prior to:

- Training enrollment
- Work experience placement
- On-the-job training start date
- Incumbent worker training participation
- Supportive service issuance
- Participant incentive payments
- Needs related payments

Services initiated prior to authorization may result in disallowed costs.

22.3 Service Authorization Procedure

Prior to authorizing a participant service, staff must complete the following steps:

1. Confirm participant eligibility has been approved in accordance with Section 18 – Eligibility Determination Procedures.
2. Confirm service aligns with the participant's Individual Service Strategy (ISS) as outlined in Section 19 – Case File Management and Documentation Standards.
3. Verify the service is allowable under the applicable funding source.
4. Obtain required service documentation, which may include:

• Training plan or enrollment documentation
• Employer agreement or training outline
• Supportive service request documentation
• Cost estimate, invoice, or vendor quote

5. Confirm funding availability.
6. Submit service authorization request for supervisory approval.
7. Enter service authorization into the designated tracking or reporting system.

Documentation must be retained in the participant file.

22.4 Financial Obligation Requirement

Financial obligation must occur prior to incurring any program cost.

An obligation represents a formal commitment of funds and must be recorded in the organization's obligation tracking system before:

• Training agreements are executed
• Employer contracts are signed
• Supportive service payments are approved
• Participant incentives are issued
• Needs related payments are calculated

Failure to obligate funds prior to service delivery may result in fiscal findings.

22.5 Obligation Entry Procedure

Once a service is authorized:

1. Program staff confirm the approved cost amount.
2. The obligation is entered into the designated obligation tracking system or spreadsheet, including:

• Participant name or identifier
• Funding stream
• Type of service
• Authorized amount
• Date of authorization
• Expected service period

3. Fiscal staff verify:

• Funding availability
• Proper funding stream assignment
• Compliance with administrative cost limitations where applicable.

4. Obligation entry must occur before services begin.

The obligation record must reconcile with financial reports maintained by fiscal staff.

22.6 Alignment with Reporting Systems

Authorized services must be entered into the designated reporting system consistent with Section 14 – Data Management and Reporting Controls.

When applicable:

• WIOA services must be entered into Virginia Workforce Connection (VaWC).
• Workforce Development Board programs may be tracked within B2B Engage or other approved systems.

Reporting entries must align with:

• Service authorization documentation
• Financial obligation records
• Participant case file documentation.

22.7 Modification of Authorized Services

If a service requires modification (including cost increases, training extensions, or changes in service scope):

1. Case manager documents the reason for modification.
2. Updated documentation must be collected when necessary.

3. Supervisor approval must be obtained prior to implementing the change.
4. Obligation records must be updated to reflect the revised amount.

Retroactive authorization or retroactive cost increases are prohibited.

22.8 Segregation of Duties

To maintain appropriate internal controls:

No single individual may perform all of the following functions:

• Authorize the service
• Obligate the funds
• Approve payment
• Process payment

Segregation of duties must align with internal control procedures established in the Financial Management and Procedures Manual.

22.9 Supervisory Review

Supervisory staff are responsible for ensuring:

• Services are properly authorized
• Funding is obligated prior to service delivery
• Documentation supports authorized services
• Reporting system entries match service authorizations

Supervisory review may occur through:

• Case file review
• Obligation tracking review
• Internal monitoring activities

These reviews must align with Section 12 – Internal Monitoring and Quality Assurance.

22.10 Red Flags Requiring Escalation

Immediate supervisory review is required if any of the following occur:

• Training begins before authorization
• Service cost exceeds authorized amount
• Obligation entry is missing or incomplete

• Documentation supporting authorization is absent
• Vendor or employer agreement executed after service start date

Suspected fraud or misuse of funds must be reported in accordance with organizational fraud reporting procedures.

22.11 Record Retention

All service authorization and financial obligation documentation must be retained in accordance with:

• 2 CFR §200.334
• Virginia Works requirements
• Grant-specific retention requirements
• Organizational record retention policies

Documentation must remain accessible for monitoring, audit, and compliance review.