

February 25, 2009

Claude J. Hunt, WIB Executive Director
South Western WV Region 2 WIB
2699 Park Avenue - Suite 506
Huntington, WV 25704

Re: Approval of Cost Allocation Plan

Dear Mr. Hunt:

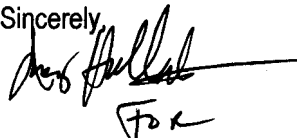
WORKFORCE West Virginia (WWV) has completed a detailed review of the Cost Allocation Plan submitted by your Region. Generally, a cost allocation plan is approved by the federal agency that provides the largest dollar amount of federal financial assistance to an organization. If no direct federal financial assistance is received, the organization that provides the agency with the largest dollar amount of federal financial assistance is the cognizant agency. Therefore, since Region 2 receives no direct federal funding, WWV is responsible for the review and approval of your Cost Allocation Plan.

WWV has concluded that your agency's Cost Allocation Plan meets the requirements set forth in the federal grant management and cost standards as promulgated by the Office of Management and Budget. Therefore, the Cost Allocation Plan is approved as submitted, a copy is attached. This letter along with the attached Cost Allocation Plan must be kept on file within your agency until such time that a new Cost Allocation Plan is approved.

Please note, during scheduled monitoring visits, WWV will monitor the methodology used for the allocation of costs compared to the approved Cost Allocation Plan on file. If any changes are made in the methodology used in the allocation of costs within the organization, a revised plan must be submitted to WWV immediately for review and approval. The submission must include a full copy of the revised plan as well as samples of any schedules, documents or studies used in the allocation process.

If you have any questions or concerns, please contact me at (304) 558-2631 or cjenkins@workforcewv.org.

Sincerely

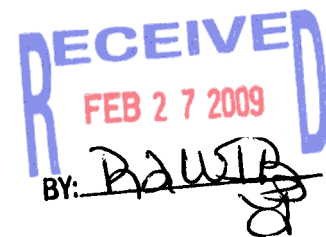


Caren Jenkins, Director

CJ/wss

Attachment

pc: Chris Narlis
Carla Stewart



Fiscal and Administrative Management
112 California Avenue, Charleston, West Virginia 25305-0112
<http://www.wvbep.org/bep/> • <https://www.workforcewv.org/>

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Kelley Goes, Cabinet Secretary*

**South Western West Virginia
Region 2 Workforce Investment Board**

COST ALLOCATION PLAN

Board Adopted & WorkForce WV Approval February 2009
Revised/Updated Via
Department of Labor and West Virginia Management & Analysis Division Recommendations
Updates Approved April 15, 2011 * R2WIB Executive Committee

2699 Park Avenue * Post Office Box 9009 - Huntington, WV 25704-0009
304.429.5900 PHONE * 304.429.1715 FAX

Equal Opportunity Employer/Program
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South Western West Virginia Region 2 Workforce Investment Board

Cost Allocation Plan

Introduction

The South Western West Virginia Region 2 Workforce Investment Board (R2WIB) was designated as one of seven regions by the State of West Virginia to comply with requirements of the federal Workforce Investment Act (WIA) of 1998, regulated by the US Department of Labor (DOL). The Region 2 WIB is a private non-profit organization formed under the laws of West Virginia and whose members are appointed by the Local Elected Officials (LEO)

Board who receive and have fiscal responsibility for grants received under the federal WIA Act. The Region 2 WIB and the LEO Board signed an agreement establishing the Region 2 WIB in September, 2000.

Region 2 LEO Board is comprised of a county commissioner from each county and the Mayor of Huntington. The seven counties are: Boone, Cabell, Lincoln, Logan, Mingo, Putnam and Wayne. The 36 member Region 2 WIB meets quarterly, the Executive Committee meets monthly and quarterly a joint meeting is held with the LEO Board. The R2WIB has a staff organizational and job descriptions are Attachment A to this plan.

The One-Stop (or WORKFORCE West Virginia) Centers are the foundation of the workforce development system under the Workforce Investment Act (WIA). One-Stops are the entry point for any person seeking job training and employment services throughout the state. The One-Stop concept replaces the previous system of services where an individual visited different state agencies at different locations. Region 2 currently has one comprehensive center located at Huntington, Logan is a Satellite site and each of other counties have Affiliate sites.

Services provided through the WORKFORCE West Virginia Centers include, but are not limited to the following

- Career Guidance Assistance
- Business Services for Employers and Job Seekers
- Assessment;
- Job Development Contracts;
- Referrals to Job Openings;
- Resume/Application/Cover Letter Preparation Assistance
- Labor Market Information;
- Job Finding Workshops;
- Veteran Tax Credit Eligibility Determination;
- Civil Services Information; and
- Referral to Partners and Other Agencies.

Region 2 Workforce Investment Board currently receives funding from these sources:

1. WIA Formula Funds
2. State Set-Aside Funds
3. Food Stamp Employment and Training Grant Funds
4. WV Works-TANF Funds
5. Other sources or special grants that will be noted in each year's audit report.

Local WIA Formula Funds are used to provide core, intensive and occupational training services to eligible Adults, Dislocated Workers or Youth who reside in the seven county region. These funds are received on a yearly basis and are used to provide workforce services. Costs incurred that cannot directly be associated to participant training can be charged to Administration, not to exceed 10% of the total allocation. Services are provided through contracts with providers.

State Set-Aside Funds are awarded from the State WORKFORCE West Virginia office occasionally. These funds are generally ear-marked for certain programs, i.e. Rapid Response, Trade Act Assistance, etc. These funds are allocated in the manner for which they are received, for instance Rapid Response funds are a direct charge to Rapid Response or Dislocated Worker.

Region 2 Workforce Investment Board has been awarded a Federal Food Stamp Employment and Training (FSE&T) Grant in collaboration with the WV Department of Health and Human Resources. The FSE&T Grant is for the provision of limited employment and training for Food Stamp only recipients classified as Able Bodied Adults Without Dependents (ABAWD) in Cabell County which are a part of the Workforce Investment Region 2 area. The period that this award covers is from October 1 through September 30. Administrative staff time is charged to this program when appropriate.

Since 2001, the Region 2 WIB has received funding from the Department of Health and Human Services (DHHR) to operate a Job Readiness Program called Excel Career Club in all seven counties in the region.) Region 2 employees staff to provide the needed services this program requires. Administrative staff time is charged to this program when appropriate. This program is operated by Region 2 WIB since WIA funds are not involved.

Organizational Chart

The Region 2 Workforce Investment Board's Local Elected Official Board (LEO) has fiscal responsibility and oversees the activities of the Region 2 Workforce Investment Board, Inc for WIA funds

The Region 2 Workforce Investment Board, Inc. oversees the employees. (including the Executive Director/Program Coordinator, Fiscal Clerk, Program Monitor and Administrative Assistant.) Job descriptions of each employee position are outlined and included in the Region 2 Workforce Investment Board Business Plan. The Board retains an accounting firm to oversee financial operations.

(Copy of Contract Attached)

The Region 2 One Stop Center System is governed directly by Region2 who coordinates and meets quarterly with required partners.

(Organizational Chart and Job Descriptions attached)

Purpose/General Statements

The purpose of this cost allocation plan is to summarize, in writing, the methods and procedures that this organization will use to allocate costs to various programs, grants, contracts, and agreements.

OMB Circular A-122, "Cost Principles for Non-Profit Organizations," establishes the principles for determining costs of grants, contracts and other agreements with the Federal Government. Region 2 Workforce Investment Board's Cost Allocation Plan is based on the Direct Allocation method described in OMB Circular A-122. The Direct Allocation Method treats all costs as direct costs except general administration and general expenses.

Direct costs are those that can be identified specifically with a particular final cost objective. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. It has been determined that many cost categories can and will be both direct and indirect.

Region manages expenditures and grants using QuickBooks on an accrual basis and processes expenditures and grants during the fiscal period of July 1 through June 30.

Official financial statements are submitted annually as part of Region 2 Workforce Investment Board's audit and budgets are prepared for each grant in accordance with the respective grant requirements. Copies of financial statements and budgets are filed

with WORKFORCE West Virginia annually and monthly reports are submitted in the MACC to substantiate the expenditures of each grant.

Each Quarter at the Region 2 Workforce Investment Board's and Local Elected Official Board's joint meeting budgets are reviewed and approved before submission to WORKFORCE West Virginia or other funding source.

Only costs that are allowable, in accordance with the cost principles, will be allocated to benefiting programs by Region 2 Workforce Investment Board.

General Approach

The general approach of Region 2 Workforce Investment Board in allocating costs to particular grants and contracts is as follows:

- A. All allowable direct costs are charged directly to programs, grants, activity, etc. Some cost categories may be charged directly to the Administrative cost category based upon the nature of the cost.
- B. Allowable direct costs that can be identified to more than one program are prorated individually as direct costs using a base most appropriate to the particular cost being prorated. In most cases, the employee timesheet will be used to allocate costs between each funding stream, and/or grant. (see example 1)
- C. All other allowable general, administrative and program costs (costs that benefit all programs and cannot be identified to a specific program) are allocated to programs, grants, etc. using a base that results in an equitable distribution. Example: Funds provided to the local One-Stops/WORKFORCE West Virginia Career Centers for job fairs, partner training, etc. will be charged to a cost pool established to accumulate such costs and later allocated by using the relative number of participants enrolled during an established timeframe, i.e. quarterly.

Allocation of Costs

The following information summarizes the procedures that will be used by Region 2 Workforce Investment Board

- A. Compensation for Personal Services (Salaries) – Documented with timesheets showing time distribution for all employees and allocated based on time spent on each program or grant. Salaries and wages are charged directly to the program for which work has been done. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1).
 1. Fringe benefits (FICA, UC, and Worker's Compensation) are allocated in the same manner as salaries and wages. Health insurance, retirement benefits and other fringe benefits are also allocated in the same manner as salaries and wages.
 2. Vacation, holiday, and sick pay are allocated in the same manner as salaries and wages.
- B. Employee Travel Costs – Allocated based on purpose of travel as documented on travel expense forms (see Example 2). All travel costs (local and out-of-town) are charged directly to the program for which the travel was incurred. Travel costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1).
- C. Professional Service Costs (such as consultants, accounting and auditing services) – Allocated to the program benefiting from the service. All professional service costs are charged directly to the program for which the service was incurred. In most cases, auditing services, consulting services, legal fees, dues and subscriptions and licenses and permits will be charged directly to the Administrative Funding Stream as a direct expense to Administration. Costs that benefit more than one program, such as accounting services will be allocated to those programs using a base most appropriate to the particular cost being prorated such as number of checks written for each grant, i.e. WIA or FSE&T on a monthly basis. (see Example 3) WIA accounting transactions will be charged to the WIA Administrative Funds as a direct charge to Administration.
- D. Office Expense and Supplies (including office supplies and postage) – Expenses used for a specific program will be charged directly to that program. Postage expenses are charged directly to programs to the extent possible. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses

in the same manner that personal services and travel costs are allocated (see Example 1).

- E. Equipment - Equipment used solely by one program are charged directly to the program using the equipment. If more than one program uses the equipment, or the cost of the equipment benefits general administrative functions then it may be necessary to charge the expense to the Administrative Funding Stream as a direct expense to Administration.
 - 1. Equipment repairs & maintenance - Expenses are charged directly to programs that benefit from the service unless they benefit more than one program, then they will be allocated based on the ratio of each program's expenses to total of such expenses in the same manner that personal services and travel costs are allocated. (see Example 1)
 - 2. Equipment rental - Expenses are charged directly to programs that benefit from the service unless they benefit more than one program, then they will be allocated based on the ratio of each program's expenses to total of such expenses in the same manner those personal services and travel costs are allocated. (see Example 1)

- F. Printing and Publication – Printing costs can include general brochures, agency reports and program specific publications. Expenses are charged directly to programs that benefit from the service. Expenses that benefit more than one program are allocated based on the ratio of the costs to total expenses. Costs that benefit general administrative functions will be allocated to the Administrative Funding Stream as a direct expense to Administration.

- G. Insurance – Insurance needed for a particular program is charged directly to the program requiring the coverage. Liability Insurance needed for general administrative functions will be allocated to the Administrative Funding Stream as a direct expense to Administration.

- H. Telephone/Communications – Long distance and local calls are charged to programs if readily identifiable, however the majority of telephone or communications expenses will benefit more than one program and will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses in the same manner as personal services and travel costs are allocated. (See Example 1)

- I. Facilities Expenses –Facilities costs (rent) related to program and administrative activities are allocated to program based on the ratio of each program's expenses to the total of such expenses in the same manner as personal services and travel costs are allocated. (see Example 1)

- J. Training/Conferences/Seminars/Board Meeting Expenses -Allocated to the program benefiting from the training, conferences, or seminars. Costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries in the same manner as personal services and travel costs are allocated.(see Example 1). Costs that benefit the general administration of the office or board members will be charged to the Administrative Funding Stream as a direct expense to Administration.
- K. Outreach & Website Costs – Examples of advertising are legal notices of meetings, Request for Proposal's and Business Plan Modifications. Advertising and Website costs will be charged directly to the Administrative Funding Stream as a direct cost to Administration.
- L. WIA Sub-recipients/Contractors - State and local governmental agencies as well as other private non-profit agencies that are not local area grantees but operate WIA programs as sub-recipients often have indirect cost rate plans already approved by a cognizant Federal agency or awarding agency. These rates will be reviewed by Region 2 Workforce Investment Board for their appropriateness for WIA. Technical assistance from Region 2 WIB's third party accounting provider may be required.
 - 1. Case Managers are employees of Region 2 and time is charged directly to adult or dislocated working funding stream according to individual's eligibility determination after registration. Pre eligibility costs are charged to adult funding. (use cost center activity codes to direct charge time spent in each cost category or funding stream, i.e. Adult, Dislocated Worker, Youth, TAA. However, administrative expenses and cost overhead expenses are allocated on an indirect cost plan basis approved by their respective cognizant agency. A copy of this indirect cost plan will be reviewed annually by the Region 2 Workforce Investment Board.)
 - 2. OJT Contract – On-the-Job Training is contracted out to Human Resource Development Foundation, Inc. (HRDF, Inc) a non-profit agency. HRDF, Inc. charges participant training expenses directly to the funding stream for which each participant has been determined eligible, i.e. Adult or Dislocated Worker. However, administrative expenses and cost overhead expenses are allocated on an indirect cost plan basis. A copy of this indirect cost plan will be reviewed annually by the Region 2 Workforce Investment Board. The Board with the cancellation of State Policy #8 has the power to retain this service as a Business Service.
 - 3. In-School and Out-of-School Youth Contracts – The current in-school youth contract has been contracted to HRDF, Inc. and the current in and out-of-school youth contract has been contracted out to HRDF, Inc. Contractors charge participant training expenses directly to the

funding stream for which each participant has been determined eligible, either in-school or out-of-school youth. However, administrative expenses and cost overhead expenses are allocated on an indirect cost plan basis. Copies of these indirect cost plans will be reviewed annually by the Region 2 Workforce Investment Board.

- M. One Stop Costs - Region 2 currently has one Comprehensive-One Stop in Huntington, a Satellite in Logan and 5 affiliates maintained in each of the other counties in Region 2. Because these costs are not readily assignable by type of funding, the costs are charged to a cost pool established to accumulate such costs and later allocated using the relative number of participants enrolled during that quarter in the Region 2 service area. This report is obtained from the Mid-Atlantic Career Consortium (MACC) and is called an ETA 90-90 report. (see example 4)
- N. MACC Costs – The Mid-Atlantic Career Consortium (MACC) is a statewide data and participant tracking system. The cost of this system is shared among all Regional Workforce Boards of the state. Because these costs are not readily assignable by type of funding, the costs are charged to a cost pool established to accumulate such costs and later allocated using the relative number of participants enrolled during that quarter in the Region VI service area. This report is obtained from the Mid-Atlantic Career Consortium (MACC) and is called an ETA 90-90 report. (see example 4) However no costs are charged to non-WIA programs since they do not make use of the MACC.
- O. Customized Training Costs - Customized Training is designed to meet the special requirements of an employer (including a group of employers). It is conducted with a commitment by the employer to employ, or in the case of incumbent workers, continue to employ, an individual on successful completion of the training. The employer pays for not less than sixty (60) percent of the cost of the training. (20 CFR 663.715) Customized training costs are charged directly to the funding stream for which each participant has been determined eligible, i.e. Adult or Dislocated Worker.
- P. ITA Contract Costs - The Workforce Investment Act identifies the Individual Training Account as the primary means of providing training to individuals. ITA Training costs are charged directly to the funding stream for which each participant has been determined eligible, i.e. Adult or Dislocated Worker.
- Q. Unallowable Costs - Costs that are unallowable in accordance with OMB Circular A-122, including alcoholic beverages, bad debts, advertising (other than help-wanted ads), contributions, entertainment, fines and penalties, lobbying, fundraising and memberships.

Examples of Allocation Methodology

Cost Category	Administration	Timesheets	ETA 90-90	Other
Salaries		X		
Fringes		X		
Travel		X		
Auditing	X			
Consulting	X			
Legal	X			
Accounting				X
Dues/Subscriptions	X			
Licenses/Permits	X			
Office Expense		X		
Postage		X		
Equipment Purchase	X			
Equipment Rental		X		
Repairs		X		
Printing/Publication	X			
Insurance	X			
Telephone		X		
Rent		X		
Training		X		
Board Meetings	X			
Advertising/Website	X			
Contractual				X
Customized Training				X
OJT				X
ITA				X
One Stop Costs			X	
MACC Costs			X	

Examples of Allocation Methodology - Continued

- A. ADMINISTRATION - Region 2 Workforce Investment Board, Inc. combines its Title I administrative costs into one pool. The pool consists of total administrative costs for Adult, Youth, and Dislocated Worker. These costs are reported as a total administration for the WIA program. The Youth funds then become divided by formula to In and Out of School.
Some cost categories that benefit general administrative functions will be allocated directly to the Administrative Funding Stream as a direct expense to Administration. (Shown in the table above)
- B. TIMESHEETS – Region 2 Workforce Investment Board, Inc.'s employees maintain a specific timesheet that distributes hours worked in each program / grant for each day. The timesheet is totaled at the end of each month and those totals are used to calculate time spent in each cost category. The third party accounting provider uses the monthly timesheet to allocate those costs to the corresponding programs/grants/funding streams. The cost categories that can be affected by this allocation method are shown in the table above. However, it may be necessary to charge a particular invoice to a direct program, if documentation supports the direct charge. For instance, an employee may travel for the purpose of Rapid Response and therefore their entire travel expense will be charged directly to Dislocated Worker funding stream.
- C. ETA Form 90-90 - The WIA Quarterly Participant Report (ETA 90-90) will be used as the basis for allocating costs associated with the One Stop Expenses and MACC Expenses. This report is received by the Region 2 WIB on a quarterly basis and identifies the number of participants served in each funding stream during that reportable quarter. Total participants include WIA Adults, WIA Dislocated Workers, WIA Out-of-School Youth and WIA In-School Youth. The totals in each funding stream will be divided into the total number of participants to determine the percentage of costs that will be allocated to the respective funding stream.
Example: If the Overall WIA Participants served in Region 2 is 1,000 and the total number of WIA Adults served during that same timeframe is 450, then the percentage of costs during the allocation month charged to Adults will be 45%.
- D. OTHER – In most cases “Other” allocation methods will cover those programs that are treated with specific guidelines in the approved contracts. For instance, the WIA law requires all costs associated with the training of an Adult participant be charged to the Adult Funding Stream, etc. Therefore, OJT, ITA and Customized Training costs are charged directly to the funding stream for which each participant has been determined eligible, with the exception of a contractor's overhead and administrative charges, which are discussed under (L) WIA Sub-recipients paragraph in this plan. It is also necessary in the OTHER

category to discuss the charges associated with the Accounting Contract. Because Region 2 Workforce Investment Board's third party accountant works on grants other than WIA, it is necessary to allocate some of their expenses to other programs. The third party accountant will be responsible for keeping track of all accounting transactions and time spent on each grant so that the percentage of time can be calculated much in the same way as with the 90-90 report. For instance, if the accountant processes 200 transactions per month and 25 of those transactions were Food Stamp Employment and Training (FSE&T) transactions then 12 ½ percent of their monthly invoice will be allocated to the FSE&T program/grant. (Copy of Contract Attached)

Certification

We have reviewed the Region 2 Workforce Investment Board cost allocation plan dated April 15, 2011 . This is to certify that:

- A. All costs included in the proposal are allowable in accordance with the requirements of grants/contracts to which they apply and with the Federal Cost Principles of OMB Circular A-122, Cost Principles for Non-Profit Organizations
- B. This proposal does not include any costs which are unallowable under applicable Federal Cost Principles.
- C. All cost included in the proposal are properly allocable to USDOL grants/contracts on the basis of a beneficial or casual relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable Federal Cost Principles.

Region 2 Workforce Investment Board

Signature: 

Claude J. Hunt
Typed Name of Authorized Official

Executive Director
Title

4-15-11
Date