

Washington State

Workforce Innovation and Opportunity Act Title I-B Policy

Policy Number: 5255, Revision 2

Policy Title: WIOA Audit Requirements, Reports, and Resolutions

Effective Date: October 1, 2024

1. Purpose:

To communicate audit requirements for state and local recipients of Workforce Innovation and Opportunity Act (WIOA) Title I funds from the Employment Security Department (ESD).

2. Background:

The Office of Management and Budget (OMB) published new requirements for federal award programs entitled Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (also known as Uniform Guidance) codified at 2 CFR Part 200. Audit requirements are provided at 2 CFR Part 200, Subpart F.

The Uniform Guidance has raised the threshold for a single or program-specific audit to \$1,000,000 or more. Local Workforce Development Boards (LWDBs), other state recipients, and their subrecipients that expend \$1,000,000 or more of federal awards during their fiscal year must have an audit conducted for that year.

The Uniform Guidance requires pass-through entities to:

- a. Monitor each fund recipient to ensure appropriate use of federal funds.
- b. Require each fund recipient to permit pass-through entities and auditors to have access to records and financial statements as necessary to ensure compliance with applicable law, regulations, and terms and conditions.

3. Policy:

a. **Audit Requirements**

Each pass-through entity must:

- i. Verify each subrecipient is audited as required by 2 CFR Part 200 Subpart F – Audit Requirements, and 20 CFR 683.210.
- ii. Issue management decisions for audit findings on federal funds the pass-through entity has awarded.
- iii. Follow-up and ensure subrecipients take timely and appropriate action to resolve all deficiencies identified through audits, reviews, and other means.

b. Audit Resolution (follow-up)

Management decisions to resolve audit findings must:

- i. Be issued within twelve months of acceptance of the audit report by the Federal Audit Clearinghouse (FAC) consistent with 2 CFR 200.521(d).
- ii. Clearly state whether or not the audit finding is sustained, the reasons for the decision, and the auditee's expected actions.

If the auditee has not completed corrective action at the time the decision is made, a timetable for follow-up must be given. Management decisions must include the reference number assigned to each audit finding and should describe any appeal process available to the auditee.

c. Appeals

Appeals and disputes regarding management decisions are first addressed through local dispute resolution policies and procedures.

If the requirements of local dispute resolution policies and processes have been met and the parties to the dispute cannot reach agreement, they may appeal to the State per WorkSource System Policy 1025 – One-Stop System Dispute Resolution and Appeals.

d. Audit Reports

State and local recipients of WIOA Title I-B funds passed through ESD must make all single audits available to the Workforce Monitoring Unit during monitoring visits.

4. Definitions:

Auditee - Any non-Federal entity that expends Federal awards which must be audited under 2 CFR Part 200 Subpart F—Audit Requirements.

Auditor - An auditor who is a public accountant or a Federal, state, local government, or Indian tribe audit organization, which meets the general standards specified for external auditors in generally accepted government auditing standards (GAGAS). The term auditor does not include internal auditors of nonprofit organizations.

Audit Finding - Deficiencies which the auditor is required by 2 CFR 200.516 - Audit Findings, paragraph (a), to report in the schedule of findings and questioned costs.

Management Decision – The evaluation by the pass-through entity of the audit findings and corrective action plan and the issuance of a written decision to the auditee as to what corrective action is necessary.

Pass-Through Entity - A non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

Subrecipient - An entity that receives federal assistance passed through from a prime recipient or another subrecipient to carry out or administer a WIOA program. Distinguishing characteristics of a subrecipient include:

- Determining eligibility for assistance;
- Performance measured against meeting the objectives of the program;
- Responsibility for programmatic decision making;
- Responsibility for applicable program compliance requirements;
- Use of the funds passed through to carry out a program of the sub-entity as compared to providing goods or services for a program of the prime recipient.

5. References:

- [Public Law 113-128, Workforce Innovation and Opportunity Act of 2014, Sections 184 and 185](#)
- [20 CFR 683.210](#)
- [2 CFR Part 200.332 – Requirements for Pass-through Entities](#)
- [2 CFR Part 200, Subpart F - Audit Requirements](#)
- [State Administrative and Accounting Manual \(SAAM\), Section 50.30 – Compliance with Federal Single Audit Act](#)
- [WorkSource System Policy 1025 \(One-Stop System Dispute Resolution and Appeals\)](#)

6. Supersedes:

WIOA Title I Policy 5255, Revision 1 – WIOA Audit Requirements, Reports, and Resolutions

7. Website:

[Workforce Professionals Center](#)

8. Action:

LWDBs and their contractors, as well as Employment Security Regional Directors, must distribute this policy broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

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