



Orange County Workforce Development Board
Allowable Costs and Prior Written Approval Policy


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Effective:
 April 29, 2026

SUBJECT:

Information Notice No. 26-OCWDB-05
 Supersedes Information Notice 24-OCWDB-09

APPROVED:

Nancy Cook, ^{DS}

 Director of Workforce and Economic Development

PURPOSE

This policy provides federal and state guidance regarding general cost principles, allowable costs and prior written approval requirements for expenditures made with Workforce Innovation and Opportunity Act (WIOA) funds.

EFFECTIVE DATE

This policy is effective on the date of issuance.

REFERENCES

- WIOA (Public Law 113-128) Sections 184(a)(3), 134(c)-(d), and 129
- 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 21 United States Code (USC) Section 812
- Training and Employment Guidance Letter (TEGL) 15-14, Implementation of the New Uniform Guidance Regulations
- Workforce Services Directive (WSD) 16-16, Allowable Costs and Prior Written Approval
- WSD 16-10, Property - Purchasing, Inventory, and Disposal
- Workforce Services Informational Notice (WSIN) 25-17, Federal Adjustment of Dollar Amounts and Rates

BACKGROUND

In October 2024, the U.S. Office of Management and Budget’s revised Uniform Guidance, 2 CFR Part 200, became effective. These revisions apply to all federal grant awards issued on or after October 1, 2024, including any amendments to grant awards that result in the award of additional funds, or any incremental funding awarded by the Department of Labor’s Employment and Training Administration on or after October 1, 2024.

Part of these updates made federal adjustments to certain dollar amounts specified in existing Employment Development Department (EDD) Directives and became effective October 1, 2024 (unless otherwise stated). Adjustments were made to Amount Thresholds, Expenditure Rates, and Index of Adjustments by Directive.

DEFINITIONS

Equipment - Tangible personal property (including information technology systems) having a useful life of more than one year and a 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 \$10,000 (Uniform Guidance Section 200.33).

General Purpose Equipment - Equipment which is not limited to research, medical, scientific, or other technical activities. Examples include office equipment and furnishings modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles (Uniform Guidance Section 200.48).

Information technology systems - Computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), *licensing or subscriptions to software and software support services* and related services (Uniform Guidance Section 200.58).

Intangible Property - Property having no physical existence, such as trademarks, copyrights, patents, patent applications, and property such as loans, notes and other debt instruments, lease agreements, stock, and other instruments of property ownership (whether the property is tangible or intangible) (Uniform Guidance Section 200.59).

Personal Property - Property other than real property. It may be tangible, having physical existence or intangible (Uniform Guidance Section 200.78).

Property - Real property or personal property (Uniform Guidance Section 200.81).

Real Property - Land, including land improvements, structures, and appurtenances thereto, but excludes moveable machinery and equipment (Uniform Guidance Section 200.85).

Subrecipient - A non-federal entity that receives a subaward from a pass-through entity to carry out part of a 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 a 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 non-federal entity for financial statement purposes or \$10,000, regardless of the length of its useful life (Uniform Guidance Section 200.94).

POLICY

The Orange County Workforce Development Board (OCWDB) and its Service Providers, as recipients of WIOA Title I funds, are required to comply with Uniform Guidance [WIOA Section 184(a)(3)]. This includes general principles and guidance on selected items of cost.

This policy transmits a high-level matrix, issued by EDD, listing the various cost items referenced in Uniform Guidance, 2 CFR parts 200.420 through 200.475. The columns in the matrix contain the various entity types, the 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. OCWDB and its Service Providers can use the matrix as an initial tool, rather than a final authority, in determining whether or not a cost is allowable.

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); and,
- 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 adults 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 - WIOA funds may not be used for lobbying, influencing, legislation, supporting or opposing regulations, or engaging in political activity as stated in WIOA Section 195. This includes materials, outreach, or services designed to influence policymakers at any level.

Marijuana Industry - WIOA funds may not directly or indirectly support marijuana-related activities, including but not limited to, training, employer outreach, hiring events, career counseling, job orders and referrals.

This prohibition applies to all DOL-funded programs covered under WSD 16-16.

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. As the pass-through entity of WIOA Title I funds, the EDD is responsible for granting prior approval in most cases. OCWDB is responsible for reviewing these requests from OCWDB Service Providers and granting prior approval at the local level and submitting the requests to EDD for approval.

Under any given federal award, the reasonableness and allocability of certain cost items may be difficult to determine. To avoid subsequent disallowance or dispute, Service Providers should obtain prior written approval for the incurrence of special or unusual purchases.

The matrix below outlines the key sections on the Uniform Guidance related Cost Principles under 2 CFR parts 200.402 through 200.415.

Circumstance	Section
Composition of costs	§200.402
Factors affecting allowability of costs	§200.403
Reasonable costs	§200.404
Allocable costs	§200.405
Applicable credits	§200.406
Prior written approval (prior approval)	§200.407
Limitation on allowance of costs	§200.408
Special considerations	§200.409
Collection of unallowable costs	§200.410
Adjustment of previously negotiated indirect (F&A) cost rates containing unallowable costs	§200.411
Classification of costs	§200.412
Direct costs	§200.413
Indirect costs	§200.414
Required certifications	§200.415

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	§200.333
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
Fundraising 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	§200.475

Prior Written Approval Process

Although EDD requires Prior Written Approval for procurement with a unit acquisition cost of \$10,000, OCWDB Service Providers must obtain prior written approval for the incurrence of special or unusual purchases.

1. OCWDB Service Provider must complete and submit the Prior Written Approval Request form, along with all required documentation, to their Program Manager before the requested action is to occur. Any purchase requiring EDD approval shall be submitted to Regional Advisor 30 days prior to purchase date.
2. The Program Manager will review and obtain County approval.
3. For purchases requiring EDD Prior Approval, OCWDB will submit the request to the assigned Regional Advisor for final approval.
4. OCWDB Service Provider will receive formal written notification from their Program Manager indicating approval or denial. Written approval must be received prior to incurring any cost.

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.

ACTION

Bring this policy to the attention of all relevant staff, subrecipients, and partners to ensure full understanding and compliance with federal and state audit resolution requirements.

INQUIRIES

If you have any questions regarding this policy, please email info@ocworkforcesolutions.com.

ATTACHMENTS

Attachment I - Cost Items Matrix

Attachment II - OCWDB Prior Written Approval Request