



MASSACHUSETTS

Workforce Investment Act

WIA Communication No. 04-19

☒ **Policy** ☐ **Information**

To: Chief Elected Officials
Workforce Investment Board Chairs
Workforce Investment Board Directors
Title I Administrators
Career Center Directors
Title I Fiscal Officers
DCS Regional Directors
DCS Area Directors

cc: WIA State Partners

From: Susan V. Lawler, Commissioner
Division of Career Services

Date: March 16, 2004

Subject: Stand-In Costs

Purpose: The purpose of this policy is to establish guidance pertaining to the use of "stand-in" costs as a method for repaying disallowed costs

Background: Stand-In Costs are costs that may be used to substitute for disallowed costs in audit and monitoring resolution. The application of stand-in costs occurs at the audit or monitoring resolution stage. If an auditee agrees that a questioned cost is unallowable and wishes to propose the use of stand-in costs as substitutes for otherwise unallowable costs, the proposal should be included with the audit or monitoring resolution report or other document by which the auditee provides its comments to the resolution agency. If the auditee is uncertain about the allowability of a questioned cost before receipt of the Initial Determination, the proposal to use stand-in costs may be presented during the Informal Resolution.

Policy: The Commonwealth's Stand-In Costs Policy is specified herein. Any provisions contained in the Workforce Investment Act Regulations, or other applicable laws and regulations shall apply, even if they are not explicitly stated in this policy. Nothing in this policy shall be construed to contradict prevailing laws and requirements in accordance with the applicable uniform administrative

requirements. This policy supercedes CommCorp Policy #02-25, issued April 25, 2002.

Action

Required: All operators must incorporate this policy into their operating and accounting procedures within 30 days.

Effective: For all federal funds issued through Division of Career Services.

References: WIA Public Law 105-220
WIA Final Rules 20 CFR part 652, Subpart D, 667.400--667.410
29 CFR Part 95 "Institutes of Higher Education and other Non-Profits"
29 CFR Part 97 "States and Local Governments"
Wagner-Peyser Act
29 CFR Part 93, New Restrictions on Lobbying
29 CFR Part 37 Non Discrimination and Equal Opportunity Requirements
29 CFR Part 96 Audit Requirements for Grants
Chapter 30B, MA General Laws, Uniform Procurement Act
OMB Circular A-87: Cost Principles for State, Local & Indian Tribal Governments
OMB Circular A-21: Cost Principles for Educational Institutions
OMB Circular A-102: Administrative Requirements for State & Local Governments
OMB Circular A-110: Uniform Administrative Requirements for Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
OMB Circular A-122: Cost Principles for Non-Profit Organizations
OMB Circular A-133: Audits of State, Local Government and Non-Profits
US Public Law 101-336: Americans With Disabilities Act of 1990
US Department of Labor, Training and Employment Guidance Letters

Inquiries: Questions should be addressed to Edward Bartkiewicz, Division of Career Services Central Operations at (617) 626-5073 or ebartkiewicz@detma.org

Filing: Please file this in your notebook of previously issued WIA Communication Series Issuances as #04-19.

DIVISION OF CAREER SERVICES

STAND-IN COST POLICY

Cash is the preferred method of repaying disallowed costs. As a last resort, Division of Career Services (DCS) may consider approving "stand-in" costs to substitute for disallowed costs on a case-by-case basis. At a minimum, the following conditions must be met:

1. Must be allowable costs under the federally-funded program, which were actually incurred but not charged to the program because of funding limitations, local decision, or any other applicable reason.
2. Would not have been incurred in the absence of the funded program, i.e., they are added costs and, therefore, do not violate the Act or Regulations for the program under which they were incurred, including administration or other cost limitations.
3. If previously charged elsewhere, the prior charge must be adjusted if accepted as federal grant stand-in costs.
4. Must have been included within the scope of the audit (not necessarily tested but potentially subject to testing).
5. Must have been accounted for in the auditee's financial system as required by 29 CFR Part 95 or Part 97, whichever is applicable.
6. Must be adequately documented in the same manner as all other costs charged to that program.
7. Must have been reported as "stand-in" costs on the monthly fiscal report and on the closeout report (See Policy 02-16, Fiscal Status Reports – WIA Title I and JTPA, and Policy 04-18, Grant Closeout).
8. Must be applied to work done for the same title or funding stream in the same appropriation year as the disallowed costs for which they are to be substituted.
9. Must be applied to the same entity which incurred the disallowed costs.
10. Cannot be an exaggeration of costs of time and service (i.e., costs must be reasonable and necessary).
11. Must have been paid by a non-grant fund source. (Cannot have been paid for by other federal funds.)
12. Cash match (i.e., expenditures of the organization used as match) in excess of the required match may also be considered for use as stand-in costs. (Certain costs, including in-kind contributions, are not considered unpaid federal program liabilities, but rather as in-kind match; therefore, they cannot be used as stand-in costs.)

Stand-in costs cannot be constructed using circumstances or conditions that appear to be legitimate liabilities if no actual costs are incurred by any entity.

If the cause of the disallowed costs was fraud, then proposals of stand-in costs to substitute for the disallowed costs will not be considered.