

**REPUBLIC OF PALAU
WORKFORCE INVESTMENT POLICY NO. 007-017-2000**

EFFECTIVE DATE: July 01, 2000

TO: Members of State Workforce Investment Board
Executive Committee

FROM: Ms. Josephine Ulengchong
WIA Office Executive Director

SUBJECT: **COST LIMITATIONS**

It is the State's policy that Recipient makes full use of each year's available resources. The maximum amount possible will be devoted to workforce investment activities of economically disadvantaged and hard-to-serve individuals while providing them with sufficient support to fully benefit from the WIA program. Programs, services, and activities must be cost effective and to prevent misuse of the WIA funds.

Recipient is responsible for ensuring acceptable standards of administration within the limited administrative resources allowed.

All WIA costs must be allowable and meet the required costs charge categories.

Cost limitations contained within this policy shall apply separately to funds allocated for programs under Adult, Youth, and Dislocated Workers:

1. The amount available for state administration will be computed once, at the beginning of a program year, at a maximum of 5% of that program year's allocation. Adjustments will be made if the allocation changes or the grant recipient desires to reallocate administrative funds to programs.
2. The amount available for program related services would be the difference between administration, statewide activities, and direct training for youth and adult funding streams.
3. The amount available for program related services would be the difference between administration, statewide training activities, rapid response activities, and direct training for dislocated worker funding stream.

4. Expenditures in these categories will be measured against total expenditures at the end of the program year and the final funding period.
5. Funds may be expended for three program years from the year of allocation. Unexpended funds at the end of a program year in the statewide activities, rapid response activities, direct program and program related activities will be carried forward or may be used for direct program activities in the subsequent period.
6. Unexpended administration funds at the end of a program year will be carried forward or may be used for allowable administrative costs.
7. Recipient is responsible for meeting the required cost limitations for each program year within the three-year funding period. Failure to comply with cost limitations will result in disallowed costs or a reduction of obligated funds.

Recipient is required to maintain a historical cost limitation tracking system. At a minimum, the Recipient must track cost limitations from time of state obligations to expenditures by cost category. Costs are to be tracked and reported by year of appropriation/allocation.

The most effective way of tracking cost limitation is to start with the inception of WIA and track costs for each year including the carry in amounts. Cost limitation records are subject to record retention requirements.