

**Virginia Employment Commission
Workforce Investment Unit**

September 20, 2006

INITIALS/DATE

Prep by: _____

Preliminary Exit Report

This report reflects conditions found during our on-site review. This is a preliminary document and subsequent off-site reviews may result in modifications to the content of this report.

Finding:

WVWDB at review time did not have a written cost allocation plan. Office of Management and Budget Circulars require all sub-recipients in the expenditure of federal funds too have a written cost allocation plan.

Criteria (reference):

OMB CIRCULAR NO. A-87 Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Where an accumulation of indirect costs will ultimately result in charges to a Federal award, a cost allocation plan will be required as described in Attachments C, D, and E.

Recommendation:

The WVWDB must develop a cost allocation plan that will distribute cost to the benefiting federal program and allow WVWDB to properly manage the provision of workforce service in local area three (3).

Agency Response:

The Western Virginia Workforce Development Board has developed a written cost allocation policy (attached).