
**Workforce Investment Act
State Compliance Policies**

Section 3.13

Pre-Award Costs

March 2005

I. Introduction

The Office of Management and Budget Circulars A-87 and A-122 allow pre-award costs. Pre-award costs are “costs incurred prior to the date of the fully executed contract directly pursuant to the negotiation and in anticipation of the contract where such costs are necessary to comply with the proposed delivery schedule or period of performance.”

“Such costs are allowable to the extent that they would have been allowable if incurred after the award and only with the written approval of the awarding agency.”

II. Prior Written Approval Requirements

A. Local Workforce Investment Boards (LWIB):

1. Prior to any pre-award costs being incurred by the LWIB, LWIB is to submit a written request to Workforce Investment Support Services (WISS).
2. The request should include a justification for incurring costs pre-award, an estimation of the pre-award costs, and why such costs are necessary to comply with the proposed delivery schedule or period of performance.
3. WISS will provide a response to the LWIB within ten (10) working days after receipt of the request.

B. LWIB Sub-recipients:

1. Prior to any pre-award costs being incurred by LWIB sub-recipients, the sub-recipients are to submit a written justification to the LWIB.
2. The written justification should include the need to incur costs pre-execution of contract, an estimation of the pre-award costs and why such costs are necessary to comply with the proposed delivery schedule or period of performance.
3. LWIB is to provide a response to their sub-recipient within ten (10) working days after receipt of the justification.
4. Sub-recipient justification and LWIB response are to be maintained in the individual contract file at the LWIB administrative offices for a period of not less than three (3) years following the date on which the final expenditure report has been submitted to the DETR/Financial Management. (WIA State Compliance Policy Section 5.4 – Record

Requirements)

III. Disallowed Costs:

- A. Any pre-award costs incurred by either the LWIBs or their sub-recipients without prior written approval will be disallowed by the state.
- B. Any disallowed costs must be returned to the state using non-federal funds. Source of funding used to pay these disallowed costs needs to be specified when funds are returned.