



## SAN JOAQUIN COUNTY WORKNET EMPLOYMENT AND ECONOMIC DEVELOPMENT DEPARTMENT POLICIES AND PROCEDURES DIRECTIVE

| DIRECTIVE NO.  | EFFECTIVE DATE   | APPLICABILITY | PAGE   |
|--|------------------|---------------|--------|
| 25-17  | January 15, 2026 | Departmental  | 1 of 6 |
| <b>SUBJECT: INTERNAL CONTROLS AND SEPARATION OF DUTIES</b> |                  |               |        |

### I. PURPOSE

The purpose of this directive is to establish procedures that provide reasonable assurance of achieving the following objectives:

#### 1. **Transaction Integrity**

Transactions are properly executed, recorded, and accounted for to:

- a. Permit preparation of reliable financial statements and required federal and state reports.
- b. Maintain accountability over assets.
- c. Demonstrate compliance with Federal statutes, the Workforce Innovation and Opportunity Act (WIOA), the State of California, and San Joaquin County requirements.

#### 2. **Safeguarding of Assets**

Funds, property, and other assets are protected against loss from unauthorized use, misappropriation, or disposition.

### II. GENERAL INFORMATION

**Internal Controls** are necessary to safeguard property and electronically stored information, and to provide for the accountability and proper use of department funds. They help ensure that financial transactions are executed accurately, that public assets are protected, and that operations comply with applicable laws and grant requirements.

A key element of an effective internal control system is **Separation of Duties**, which ensures that no single employee controls all phases of a financial or programmatic transaction. Duties such as authorization, recordkeeping, custody of assets, and reconciliation are distributed among multiple staff to prevent errors, waste, and potential fraud. This principle applies throughout all departments and divisions of the San Joaquin County Employment and Economic Development Department (EEDD).

This directive supersedes PPD D-41 Internal Controls and Separation of Duties (Rev 1), dated November 4, 2022.

**Definitions:**

**Internal Controls:** A process implemented by management and staff designed to provide reasonable assurance regarding the achievement of objectives related to operations, reporting, and compliance. (2 CFR 200.61)

**Separation of Duties:** The assignment of responsibilities so that no one individual has control over all key aspects of a financial transaction (authorization, custody, recordkeeping, and reconciliation).

**Reasonable Assurance:** A level of confidence, based on cost-effective control activities, that the organization's objectives will be achieved.

**References:**

- [WIOA Section 184\(a\)\(3\), Fiscal Controls and Sanctions](#)
- [2 CFR 200.302](#)
- [2 CFR 200.303](#)
- [2 CFR 200.400](#)
- [2 CFR 200.1](#)
- [20 CFR §678.800](#)
- [WSD24-08, Substantial Violations and Applicable Sanctions](#)
- [WSD23-05, Comprehensive, Affiliate, and Specialized AJCC Certification](#)
- [WSD19-05, Monthly and Quarterly Financial Reporting Requirements](#)

**III. POLICY**

It is the administrative policy of the San Joaquin County Employment and Economic Development Department (EEDD) that:

1. Internal control standards govern financial management, property, electronically stored data, and fiscal responsibilities in compliance with WIOA, [2 CFR Part 200](#), [EDD directives](#), and County requirements.

2. EEDD fiscal operations are subject to review and monitoring by the San Joaquin County Auditor-Controller's Office and the County Administrator's Office, which oversee departmental revenues, expenditures, and compliance with federal and County financial management standards. EEDD shall fully cooperate with County oversight entities and external auditors, implementing corrective actions as required. Oversight activities align with the County's broader accountability framework, including the annual Single Audit process and internal audit protocols.
3. Under the authority of [WIOA](#) Sections 183(a) and 184(a)(4) the Employment Development Department, Compliance Review Office (CRO), conducts an annual on-site monitoring review of EEDD's programmatic, fiscal, and procurement systems associated with WIOA to determine compliance with applicable federal and state laws, regulations, and policies specific to programmatic, fiscal, and procurement systems related to WIOA.
4. EEDD participates in WIOA AJCC peer reviews with neighboring local workforce boards to support consistent service quality and compliance. WIOA AJCC peer review examines accessibility and equal opportunity compliance, partner integration, customer-centered service delivery, staff and operational standards, performance outcomes, fiscal compliance, documentation and recordkeeping, and continuous improvement processes. These reviews help evaluate comprehensive, affiliate, and specialized AJCCs against federal and state criteria, as required under [WIOA](#) Section 121(g), [20 CFR §678.800](#), and [WSD23-05](#). By collaborating regionally, EEDD promotes continuous improvement, ensures AJCCs meet accessibility and performance standards, and shares best practices across workforce areas.
5. If oversight activities identify potential substantial violations as defined in EDD Directive [WSD24-08](#), the Fiscal Manager shall notify the Executive Director and implement corrective actions in accordance with County procedures and EDD requirements.

#### IV. PROCEDURE

##### A. Financial Management Standards

EEDD practices the following financial management standards:

1. Identification of all receipts and expenditures by funding source, cost category, or allocation method.
2. Practices accurate, current, and complete financial disclosure.

3. Maintains records that clearly identify the source and application of funds.
4. Exercises effective control over, and accountability for all assets.
5. Compares expenditures to approved budgets on at least a monthly basis.
6. Follows written procedures for purchasing goods and services.
7. Applies written procedures to determine whether costs are allowable, reasonable, and necessary under WIOA and 2 CFR Part 200.

B. Separation of Duties

To prevent errors, waste, fraud, and abuse:

1. No single employee shall have authority for all key aspects of a financial transaction.
2. Duties shall be distributed among staff so that:
  - One person authorizes or initiates a transaction.
  - A different person records or processes the transaction.
  - A third person reviews, reconciles, or approves related reports.
3. Access to financial systems shall be limited based on job function and reviewed at least annually.
4. The Fiscal Manager (or designee) shall ensure segregation is maintained and documented through organizational charts or workflow descriptions.

C. Oversight and Monitoring

1. The EEDD's fiscal operations are subject to review and oversight by the San Joaquin County (County) Auditor-Controller's Office and the County Administrator's Office, which monitor departmental revenues, expenditures, and compliance with County and federal financial management standards. EEDD will fully cooperate with County oversight entities and external auditors during monitoring or audit reviews and implement all corrective actions identified through those reviews.

2. EEDD staff will coordinate with the EDD Compliance Review Office (CRO) to prepare for its annual on-site monitoring review of programmatic, fiscal, and procurement systems associated with WIOA. Program staff must provide requested documentation, records, and access to systems to demonstrate compliance with applicable federal and state laws, regulations, and policies. The designated EEDD point of contact will track findings, implement corrective actions, and ensure timely responses to any recommendations issued by the CRO.
3. Throughout WIOA AJCC peer reviews with neighboring local workforce boards, EEDD staff must review and evaluate AJCC operations based on accessibility, partner integration, customer-centered service delivery, staff and operational standards, performance outcomes, fiscal compliance, documentation and recordkeeping, and continuous improvement processes. Staff will complete review documentation, share observations, and report results. Peer review findings made under this process must be used to identify improvement opportunities, ensure AJCCs meet federal and state criteria ([WIOA](#) Section 121(g), [20 CFR §678.800](#)), and promote the sharing of best practices across workforce areas.
4. Oversight activities and reporting conducted under this policy align with the County's broader accountability framework, including the County's annual Single Audit process and internal audit protocols.
5. If County oversight identifies potential substantial violations as defined in [WSD24-08](#), the Fiscal Manager shall notify the Executive Director and implement corrective actions in accordance with County procedures and EDD requirements.

**D. Data Security and Confidentiality**

1. **Access Controls:** Access to financial, programmatic, and participant data shall be restricted based on job responsibilities, with staff granted only the permissions necessary to perform their duties.
2. **Segregation of Duties in Systems:** System access and data entry shall follow the same separation of duties applied to financial transactions:
  - o One person enters or initiates data.
  - o A different person reviews, approves, or reconciles the data.
  - o System access privileges shall be reviewed at least annually by the Fiscal Manager (or designee).

3. Data Integrity: Procedures shall ensure that data are accurate, complete, and current. All changes, corrections, or deletions must be logged, reviewed, and approved in accordance with internal control procedures.
4. Confidentiality: Sensitive information, including personally identifiable information (PII), participant records, and financial data, shall be protected in compliance with [WIOA, 2 CFR Part 200, EDD directives](#), and County requirements. Staff shall not disclose confidential information except as authorized for official business.
5. System Security: The EEDD shall maintain technical safeguards, including password protection, encryption, and secure storage, to prevent unauthorized access, loss, or tampering of electronic data.
6. Incident Response: Any suspected data breach, unauthorized access, or data loss must be immediately reported to the Fiscal Manager and Executive Director. Corrective actions shall be implemented promptly, and incidents shall be documented for County and federal reporting as applicable.

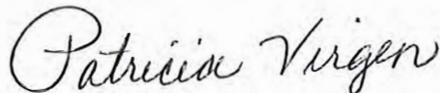
V. QUESTIONS REGARDING THIS DIRECTIVE

May be referred to the Executive Director of EEDD via Managers or designee.

VI. UPDATE RESPONSIBILITY

The Executive Director of EEDD and/or designee shall be responsible for updating this directive, as appropriate.

VII. APPROVED



PATRICIA VIRGEN  
EXECUTIVE DIRECTOR

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