



Spokane Area WORKFORCE DEVELOPMENT COUNCIL

Monitoring and Oversight Policy

Workforce Investment Act Policies and Procedures

POLICY #: 104

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Revised: N/A

BACKGROUND:

The Workforce Investment Act (WIA) emphasizes increased accountability from state and local entities managing the workforce investment system. Federal and state rules and regulations require the annual monitoring of WIA recipients to determine whether they are complying with the provisions of the Act and the regulations issued under the Act, other federal regulations and state policies. Cooperation and coordination among the state and local government partners is essential for ensuring that oversight requirements in the Act and Regulations are met.

This policy includes the monitoring system requirements for Workforce Investment Act (WIA) oversight at the local level. The requirements outlined below are the basis for local monitoring efforts.

STATE POLICY:

Workforce Development Areas (WDA) need to have comprehensive monitoring plans and must continuously monitor all grant-supported activities in accordance with the uniform administrative requirements at 29 CFR parts 95 and 97, for all entities receiving WIA funds. The local monitoring will test compliance with the appropriate requirements for grants and agreements applicable for each type of entity receiving the funds.

SAWDC's Pass-Through Entity Responsibilities:

The SAWDC must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients in order to:

Determine that expenditures have been made against the cost categories and within the cost limitations specified in the Act and these regulations;

Determine whether or not there is compliance with other provisions of the Act and these regulations and other applicable laws and regulations; and

Provide technical assistance as necessary and appropriate.

At a minimum, the compliance review will target the following risk areas:

Monitoring of subrecipients.

Compliance with WIA, federal regulations (including OMB Circulars A-87 and A-122), state policies and procedures. This includes appropriate reviews of procurement, performance, and resolution of audit findings including those of subrecipients in addition to other areas for review (Section 667.410(a) (1) and (2).

Expenditures: On-site reviews of financial records and the source documents, i.e., invoices, receipts, vouchers, cancelled checks, time sheets, etc.

Eligibility: On-site reviews of programmatic records, i.e., participant files including paper and computer case management files, eligibility, supportive services documentation.

For compliance with WIA eligibility requirements of services and support payments being received, ensure verification of attendance and satisfactory progress for participants who are enrolled in training. Program operators should verify training status with schools.

Monitoring also includes, but is not limited to:

Reviewing reports submitted by subrecipients including MIS, financial and performance data.

Reviews with the subrecipients of any exceptions, issues, or lack of internal controls found.

Mutually agreed upon written plans for corrective action (if appropriate).

Formal written reports of results of the reviews. Any findings or questioned costs should be addressed in the finding and determination resolution process.

The SAWDC, as grant recipient and administrative entity for the Spokane City-County Workforce Development Area, and in agreement with the local elected officials, is responsible for exercising oversight of programs and is responsible for the day-to-day administrative operations of local programs. As such, the SAWDC ultimately liable for federal funds and is required to repay to the United States amounts found not to have been expended in accordance with this Act. The SAWDC exercises oversight of programs to ensure compliance with the law and to properly track expenditures and operations as required by the Secretary of Labor.

Workforce Investment Act – Section 184

In determining whether to impose any sanctions for violations by a subgrantee or contractor of the recipient, it shall first be determined if it has been adequately demonstrated that entities had: established and adhered to an appropriate system for the award and monitoring of grants and contracts with subgrantees and contractors that contains acceptable standards for ensuring accountability; entered into a written grant agreement or contract with the subgrantee or contractor that established clear goals and obligations in unambiguous terms; acted with due diligence to monitor the implementation of the grant agreement or contract, including the carrying out of the appropriate monitoring activities (including audits) at reasonable intervals; taken prompt and appropriate corrective action upon becoming aware of any evidence of a violation of WIA, including Regulations, by such subgrantee or contractor.

Monitors will therefore review program administration and program systems to ensure that efficient and effective internal controls are in place to assure compliance with WIA, state policy, federal, state and local laws, and operations plans. The following areas and objectives will be included in the review:

A. Determining if the subrecipient's:

- internal administrative and fiscal controls are adequate to safeguard federal funds;
- program operations conform to all applicable federal, state and local laws, regulations, plan requirements and operating policies; and
- major systems are operating efficiently and effectively.

(Major systems include procurement, eligibility determination, property management, fiscal management, management information, self-monitoring, complaint and grievance, equal employment opportunity/affirmative action, and prevention of fraud and abuse.)

B. Review of past corrective action plans as follow-up phase of monitoring cycle.

C. Identification of potential problem areas in order to prescribe additional technical assistance.

D. Review of subagent performance to assess accomplishment of national, state and local goals.

POLICY:

The SAWDC must have a comprehensive monitoring plan and must periodically monitor all grant-supported activities in accordance with the uniform administrative requirements at 29 CFR parts 95 and 97, for all entities receiving WIA funds. The local monitoring will test compliance with the appropriate requirements for grants and agreements applicable for each type of entity receiving the funds.

Compliance Review System

To comply with the Act and Regulations, the SAWDC must have policies and procedures for the oversight and monitoring of their subrecipients that:

- Communicate grant requirements to all their subrecipients.
- Monitor their subrecipients.
- Assess compliance with applicable laws, regulations, contract or grant agreement provisions, and if performance goals are being met.
- Address performance in WIA Regulations at 666.300 where it states that local areas are subject to core indicators in Section 666.100.
- Resolve issues of noncompliance or weakness in internal controls with their subrecipients when discovered during the course of routine monitoring or oversight.
- Process audit reports, including resolving findings, issues, and appropriate adjustments of accounts.

To carry out SAWDC responsibility under the above-referenced background and regulations, monitoring will exist as a specific and regular staff function. The ongoing monitoring process will include, but is not limited to, a review of data, observation of operations, examination of records, review of worksites, and participant and program staff interviews.

Subrecipient programs will be monitored at least once during the program year and will include an examination of:

1. compliance with WIA, its regulations, state policy and the subgrant agreement;
2. participant eligibility, assessment and referral;
3. Non-discrimination and Equal Opportunity;
4. procurement practices, property management;
5. financial systems and management, audit resolution, cash management;
6. OJT contracting procedures;
7. payroll systems;
8. complaint/grievance procedures;
9. internal monitoring procedures;
10. management information systems: including provisions for safeguarding personal information;
11. performance assessment;
12. prevention of fraud and abuse;
13. general management;
14. policies and procedures;
15. efficiency and effectiveness;
16. other areas of concern as appropriate.

A regular monitoring schedule will be established which projects specific dates for monitoring reviews of all program activities within the WDA as required by State Policy No. 3425.

The following describes and clarifies how the monitoring will be conducted, the instruments that will be used, what will be reported, when and to whom:

1. The SAWDC will notify each subrecipient by letter when the monitoring visit will occur and what will be examined.
2. A desk review will be performed analyzing appropriate program data prior to each visit.
3. A thorough review will be conducted using the monitoring instrument, and working papers developed during the review.
4. An exit conference to generally review discrepancies noted will be conducted with the subrecipient director and appropriate staff.
5. A monitoring review report and cover letter requiring corrective action to be taken within a specified time period will be sent to the subrecipient.
6. The subrecipient will submit a corrective action plan to the SAWDC within the time period specified.

7. SAWDC staff will conduct any necessary follow-up.
8. A log will be maintained to keep a record of reviews completed, responses outstanding and responses received.
9. In the event a questionable activity is discovered, a report will be sent immediately to the Assistant Commissioner, Employment and Training Division, Washington State Employment Security Department.

A corrective action process will be implemented to ensure timely correction. Reports will note:

1. no corrective action necessary;
2. corrective action necessary; must be sufficient to correct items identified in the written report as an issue or recommendation and appropriate to overall program goals; corrective action must be taken within the time specified in the report and must be answered in writing;
3. technical assistance needed; will be provided when deficiencies are noted which require additional information and/or training assistance.

Follow-up on corrective action required will include determining that timely and appropriate corrective action has been completed or is in progress. Corrective action monitoring may include special reviews, telephone contacts, review of reports and data, or regular follow-up monitoring visits, depending on the nature of the problem encountered.

Follow-up may indicate one of the following:

1. Action Completed: indicates satisfactory corrective action has occurred. The initial determination may be based upon the written response by the reviewed agency or by other appropriate methods as outlined above.
2. Action Pending: where corrective action is delayed or the results are not yet realized. The follow-up process then continues until satisfactory results are achieved.
3. Action Not Taken: when no corrective action has been initiated and an acceptable resolution cannot be reached. Remedial action should be considered.
4. Remedial Action: alternative courses of action will depend upon the seriousness of the problem and the terms of the grant. Options range from a revised timetable for corrective action to termination of the Subrecipient Agreement.

Structure of the Monitoring Review

The subrecipient monitoring process will include, but is not limited to the following:

Monitoring Instrument -The monitoring instrument is the form(s) used to organize the review. The form is designed to gain factual information about the administration of the grant and to enable the monitors to evaluate risk areas. Protection from disallowed costs is dependent on compliance with the law. **Working Papers** - Working papers are the written record made during the monitoring review and contain the record from the beginning of the review until the report is written. They are important as they document the steps taken in the review process. Working papers document the monitoring review. This includes the monitoring instrument, and detailed notations taken during a review. Well-structured working papers make it easier to transfer material written during the review to the monitoring report. Working papers should be neat, understandable, and restricted to the matters that are relevant. Writing should be kept simple with materials organized for supervisory review and audit.

Summaries - Summaries provide objective overview and put findings into perspective and can tie together other related areas.

Report Preparation - A clear and accurate formal report of the results of the monitoring review should be written to present the compliance picture to management and the organization providing the funds. The report should contain balancing statements to provide a complete assessment of the situation and an accurate statement of the conditions found compared to the requirements in law or regulations. For example, a monitoring report could note not only the conditions found during the monitoring review, but also those found by the auditor in the audit report.

Review of Audit Reports - Monitoring includes a review of recent audit reports. The audit findings should be addressed with the subrecipient to verify that corrective action was taken. Communication with the auditor would assist the monitor in learning of any audit work underway that would be relevant to the compliance monitoring review.

Corrective Action Plans - A corrective action plan is necessary to ensure that the processes and procedures are in place to make corrections to the system in a timely manner. Timely corrections of issues could prevent findings and/or disallowed costs during the next audit.

Resolution of Subrecipient Audit Finding - All audits should be reviewed to determine that applicable audit requirements were satisfied. Audit findings identified should be resolved in a timely manner and any debt collected.

Non-discrimination and Equal Opportunity

There should be periodic monitoring, to ensure compliance with the nondiscrimination and equal opportunity requirements of WIA Section 188 and 29 CFR part 37. Monitoring for compliance includes a determination as to whether each recipient is conducting its WIA Title I—financially assisted program or activity in a nondiscriminatory way. "Recipients" as defined in 29 CFR 37.4 includes State and Local Workforce Investment Boards, One-Stop operators, service providers, vendors, and subrecipients, as well as other types of individuals and entities. (See WIA Final Rule, Section 667.275.)

Privacy Protections

With the growth of computer databases, there is an increased awareness that personal privacy rights of citizens must be protected. For example, a taxpayer's sensitive tax information has never been subject to public scrutiny. Nor do citizens expect that other personal information (information that is readily identifiable to that specific individual) will be open for inspection or available to others.

The information age has created an urgent need for the custodians of data to exercise special care in safeguarding personal information by:

- Protecting the confidentiality of sensitive personal information
- Protecting social security numbers and other sensitive personal identifiers
- Prohibiting the sale of personal information
- Limitation on collection and retention of personal information
- Protection of personal information used by contractors
- Prohibiting the release of lists of individuals for commercial purposes
- Develop Internet privacy policies

REFERENCES:

Public Law 105-220, Workforce Investment Act 1998

Department of Labor, Employment and Training Administration, 20 CFR 652 et al. Workforce Investment Act; Final Rule

29 CFR Part 37, Implementation of the Nondiscrimination and Equal Opportunity Provisions of the Workforce Investment Act of 1998; Final Rule

29 CFR Part 95 Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non Profit Organizations et cetera

29 CFR Part 97 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
Single Audit Act Amendments of 1996, July 5, 1996 (Public Law 104-156)
OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations (June 30, 1997)
OMB Circular A-133 Compliance Supplement (see OMB Circular A-133 (§____.500(d)(3))
OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments
OMB Circular A-122, Cost Principles for Non-Profit Organizations
Office of Financial Management, State Administrative & Accounting Manual

SUPERSEDES

WDC Policy C.5

DIRECT INQUIRES TO:

(As referenced in SAWDC Staff Composition Policy #100)

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