



## **Monitoring and Oversight Policy**

SAWDC Policies and Procedures

**POLICY #: G104**

Effective Date: January 17, 2014

### **BACKGROUND:**

This policy describes the Spokane Area Workforce Development (SAWDC) monitoring and oversight system for all funding sources subcontracted, at the local level **and** for the Workforce Investment Act funded subcontracts, at the local level. Monitoring is critical to the workforce development system by ensuring that all resources are being used lawfully and effectively.

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.

### **POLICY:**

The SAWDC is responsible for a comprehensive monitoring plan and will periodically and/or continuously monitor all grant-supported activities in accordance with: WIA law, and other federal, state, and local laws, or other granting authorities. Local monitoring will test compliance with the appropriate requirements for various grants and agreements applicable for each type of entity receiving the funds.

The SAWDC fulfills these statutory and grant responsibilities by:

- Establishing and adhering to appropriate systems for award and monitoring of agreements with subrecipients, assuring acceptable standards for accountability;
- Utilizing written agreements with subrecipients that establish clear goals and obligations in unambiguous terms;
- Communicating grant requirements to all subrecipients;
- Acting with due diligence to monitor the implementation and compliance of these sub-recipient agreements at reasonable intervals;
- Identifying issues requiring technical assistance;
- Taking corrective action upon becoming aware of any evidence of violation of WIA, state provisions, SAWDC policy, other grant requirements, or subrecipient agreements;
- Identifying the extent to which sub-recipient and other contractors are effectively and efficiently meeting obligations and goals; and
- Processing audit reports, resolving issues, and appropriately adjusting accounts.

### **Monitoring & Oversight Processes**

To carry out SAWDC responsibility, monitoring will exist as a specific and regular staff function. The monitoring process is an ongoing, proactive, technical assistance-focused format referred to as continuous quality improvement. The SAWDC will be in continuous communication with subrecipients by a variety of methods to identify and correct any issues identified during informal reviews of participant files, management information systems (MIS) data, monthly subrecipient reporting, and fiscal processes.

The degree of monitoring performed is expected to vary depending upon several factors involving perceived risk associated with subrecipient and funding award. Those factors could include (1) experience of the subrecipient, (2) complexity and/or size of the program, and/or (3) funding amount of the grant.

All subrecipients are expected to self-monitor, request technical assistance when they self-identify a need, and cooperate with all monitoring and oversight activities. This cooperation means maintaining accurate financial records that track awards received, preparing financial statements, allowing on-site visits, providing any and all required documents, participating in interviews, taking appropriate corrective actions, and generally participating in the process as described.

Additionally, the SAWDC funding source may require a monitoring review of contracts with the SAWDC and its subcontractors. The SAWDC will communicate the information necessary for the subcontractor to comply with the requirements.

The first level of monitoring (Level 1) applies to all subrecipients and includes the following:

- (1) Training and support activities in the first 45 to 60 days of the award agreement to review grant requirements, project outcomes, and provide guidance on policies and procedures.
- (2) On-going communications using telephone, email, and other direct contact to provide technical support, training and supervision.
- (3) Periodic on-site visits by SAWDC employees which may or may not be scheduled in advance and are intended to be proactive monitoring assistance, rather than punitive.
- (4) Review of documents supporting monthly cost reimbursement billings.
- (5) Review of periodic (at least quarterly) reports describing program and fiscal achievements in relationship to associated goals and objectives for each grant. Program Manager and/or contract may dictate report due dates.

The second level of monitoring (Level 2) applies to subrecipients and/or programs that fall into a higher risk assessment based on the factors above, and subrecipients receiving WIA funds automatically fall into Level 2. Subrecipient and/or programs in this level will be monitored according to Level 1 and also formally monitored at least once during the program year which includes an examination of:

- (1) On-site monitoring of the contractor and any follow up needed.
- (2) A thorough review of invoices and supporting documents submitted by the subrecipient to assure that expenditures have been made appropriately against cost categories and within cost limitations.
- (3) A thorough on-site review of financial records and the source documents (i.e., invoices, receipts, vouchers, cancelled checks, time sheets, etc.).
- (4) A thorough on-site review of programmatic records (i.e., participant files including paper and computer case management files, eligibility, supportive services documentation).
- (5) On-site review of compliance with WIA, federal regulations (including OMB Circulars A-87 and A-122), state and local policies, and the local strategic plan.
- (6) A thorough review of invoices submitted by the subrecipients to monitor planned versus actual expenditures.
- (7) A thorough review of management information system documents submitted and entered into the management information system to monitor planned versus actual performance and equity in service delivery.
- (8) Provision of ongoing training and technical assistance to the subrecipients.
- (9) Provision of ongoing consultation to subrecipients on the topics of fiscal invoicing and documentation, MIS procedures, documentation of eligibility and service delivery, management, and program service delivery design.
- (10) Review with the subrecipients of any exceptions, issues, or lack of internal controls.

The areas of program management and operations to be monitored during an on-site monitoring could include the following, depending upon program and/or grant funding source:

- WIA Adult program review
- WIA Dislocated Worker program review
- WIA Youth program review
- WIA Discretionary and National Emergency Grant (NEG) program review
- Complaint and grievance procedures

- Internal controls
- Individual training accounts
- Eligible Training Provider courses of training and In Demand
- On-the-Job training contracts
- Work Experience training contracts
- Management information systems
- Data Validation
- Personnel, equal opportunity, and nondiscrimination
- Property management and procurement
- Programs from funding sources other than WIA
- Prevention of fraud/abuse
- Assessment of performance, efficiency and effectiveness against program/grant goals

### Annual Monitoring Steps

The SAWDC annual formal monitoring schedule, which is performed on-site, will be established and communicated to all affected subrecipients.

Formal reports are compiled from CQI information gathered throughout the year and the annual on-site fiscal monitoring of sub-recipients, as applicable. Any issues or questioned costs are addressed in the finding and determination resolution process. The SAWDC reviews with the subrecipients any exceptions, issues, or lack of internal controls found, and mutually agree on written plans for corrective action, if appropriate.

The annual process consists of the following steps and utilizes monitoring forms, working papers, interviews, and past informal and formal audit information.

- Desk review performed by SAWDC prior to on-site visit analyzing appropriate data
- Entrance interview
- Program and fiscal data gathered
- Exit conference or Status Information to initially review findings
- Preliminary report sent to the subrecipient listing corrective action and requiring subrecipient comment
- 30-day subrecipient response time (unless otherwise agreed by SAWDC)
- SAWDC review and determination on subrecipient response
- Subrecipient agreement or non-agreement with findings
- Final report issued and distributed
- SAWDC staff will conduct any necessary follow-up of corrective action plans
- SAWDC staff will document - review completed, outstanding and received responses, completed and outstanding corrective actions.

In the event a questionable activity is discovered, SAWDC will coordinate with the fund source for a determination of next steps needed.

Corrective Action Plans are 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 monitoring visit. Reports will identify the following:

1. No corrective action necessary.
2. Corrective action necessary; must be sufficient to correct identified items 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 status of corrective action plans may indicate (1) action completed (2) action pending, where action has been justifiably delayed or initiated but results not yet realized, (3) action not taken when no corrective

action has been initiated and an acceptable resolution cannot be reached, or (4) remedial action necessary which ranges from an alternative solution or revised timetable to termination of the Subrecipient Agreement.

### **Privacy Protections**

During monitoring and oversight activities, SAWDC and subrecipient staff will take steps to protect the privacy of customers. Any information, files, or other pieces of monitoring activities that will be reviewed for several days, must be gathered and contained in a secure environment (ex: locked conference room).

### **Reporting Suspected Fraud, Abuse and Criminal Conduct**

For Federal funds either directly or indirectly received from the U.S. Department of Labor, Employment and Training Administration, the SAWDC follows the procedures set forth in the Training and Employment Guidance Letter (TEGL) 2-12, and any additional releases. The SAWDC must immediately document allegations, suspicions and complaints involving possible fraud, program abuse and criminal misconduct using the Incident Report form. In addition, situations involving imminent health or safety concerns, or the imminent loss of funds exceeding an amount larger than \$50,000, are considered emergencies and must immediately be reported to the OIG and OFAM by telephone and followed up with a written Incident Report form, no later than one working day after the telephone report.

### **REFERENCES:**

- Washington State WIA Policy #3425 Monitoring and Oversight Requirements for Compliance Reviews
- Public Law 105-220, Workforce Investment Act 1998
- U.S. Department of Labor, Employment and Training Administration, 20 CFR 652 et al. Workforce Investment Act; Final Rule
- U.S. Department of Labor, Employment and Training Administration, One-Stop Comprehensive Financial Management Technical Assistance Guide Part II, July 2011
- 29 CFR Part 37, 29 CFR Part 95, 29 CFR Part 97
- Single Audit Act Amendments of 1996, July 5, 1996 (Public Law 104-156)
- OMB Circular A-133, A-87, A-122
- Office of Financial Management, State Administrative & Accounting Manual
- U.S. DOL / Employment and Training Administration's TEGL 2-12
- Applicable SAWDC-issued Technical Guidance and/or Procedures
- U.S. Department of Labor, Employment & Training Administration Advisories