



1. Background

This policy describes the Spokane Workforce Council's (SWC) monitoring and oversight system for Workforce Innovation and Opportunity Act (WIOA) funded subawards and subawards from other fund sources. Monitoring is critical to the success of the workforce development system by ensuring that all resources are being used lawfully and effectively.

WIOA emphasizes accountability from state and local entities managing the workforce development system. Federal and state rules and regulations require the annual monitoring of WIOA Title I 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.

This policy applies to all partners at all levels of participation in the Spokane WorkSource system funded by Title I of WIOA.

2. Definitions

- **Contract:** a legal instrument by which a subrecipient purchases property or services needed to carry out part of a grant or program awarded to the subrecipient by the SWC (2 CFR 200.22). This term, as used in this policy, does not include a legal instrument, even if the SWC or subrecipient labels it a contract, when the substance of the transaction meets the definition of a subaward as defined below.
- **Contractor:** an entity that receives a contract from a subrecipient in order to purchase property or provide services necessary to carry out a grant or program awarded to a subrecipient by the SWC (2 CFR 200.23).
- **Subaward:** an award provided by the SWC to a subrecipient for the subrecipient to carry out part of a grant or program. It does not include payments to a contractor or payments to an individual that is a beneficiary of an SWC-funded grant or program (2 CFR 200.92).
- **Subrecipient:** an entity that receives a subaward from the SWC to carry out part of a grant or program, but does not include an individual that is a beneficiary of such grant or program (2 CFR 200.93).

3. Policy

The SWC has developed a comprehensive local monitoring system that will be used to monitor subrecipients of WIOA Title I funds or other grant funds in accordance with WIOA law; other federal, state, and local laws; and other granting authorities as appropriate.

a. Oversight Activities

The SWC fulfills oversight responsibilities by:

- i. Establishing and adhering to appropriate systems for award and monitoring of agreements with subrecipients, assuring acceptable standards for accountability;
- ii. Utilizing written agreements with subrecipients that establish clear goals and obligations in unambiguous terms;
- iii. Communicating grant requirements to all subrecipients;
- iv. Acting with due diligence to monitor the implementation and compliance of subrecipient agreements at reasonable intervals;
- v. Identifying issues requiring technical assistance;
- vi. Taking corrective action upon becoming aware of any evidence of violation of WIOA, state provisions, SWC policy, other grant requirements, or subrecipient agreements;
- vii. Identifying the extent to which subrecipients are effectively and efficiently meeting obligations and goals; and

viii. Assisting subrecipients by providing reports and resolving issues for program or fiscal-related topics.

b. Monitoring Activities

The SWC conducts on-site monitoring of all subrecipients for financial and programmatic compliance at least annually or, for grants lasting less than one year, once during each subaward term. Monitoring is an ongoing, proactive, and technical assistance-focused review of financial and/or programmatic compliance with SWC-funded grants and programs. As an integral part of oversight, monitoring activities will exist as specific and regular staff functions. The SWC will be in continuous communication with subrecipients by a variety of methods to identify and correct any issues identified during reviews of WIOA Title I applicant / participant files, management information system (MIS) data, subrecipient reporting, data privacy procedures, and fiscal processes.

The degree of monitoring performed will vary depending upon several factors involving perceived risk associated with the subrecipient and subaward. Those factors could include, but are not limited to, experience of the subrecipient, complexity and/or size of the program, and funding amount of the grant.

All subrecipients are expected to self-monitor, request technical assistance when they identify a need, and cooperate with all monitoring and oversight activities. This cooperation includes, but is not limited to, providing 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, an SWC funding source may require a monitoring review of subawards and/or subrecipients. The SWC will communicate the information necessary for the subrecipient to comply with the monitoring review.

The SWC has organized monitoring activities into levels as follows:

- i. **Level 1 Monitoring:** the first level of monitoring applies to all subrecipients and includes the following:
 1. Training and support activities in the first 45 to 60 days after a subaward to review grant requirements, project outcomes and to provide guidance on policies and procedures.
 2. On-going communications using telephone, email, and other direct contact to provide technical support, training, and grant supervision.
 3. Periodic on-site visits by SWC 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. The SWC or the subaward may specify different report due dates.
- ii. **Level 2 Monitoring:** the second level of monitoring applies to all subrecipients receiving WIOA Title I funds and to non-WIOA Title I subrecipients that are assessed as high risk based on the factors described above. Subrecipients in this level will be informally monitored utilizing level 1 activities described above and will also be formally monitored at least once during each program year. This annual monitoring is conducted to ensure a subrecipient complies with applicable laws, regulations, subaward provisions, and state and local policies and procedures, including the Uniform Guidance Regulations at 2 CFR 200. At a minimum, this annual review will include a thorough examination of:
 1. The adequacy of administrative and financial management systems, such as financial reporting, accounting records, internal control, budget control, allowable costs, source documentation, and cash management (29 CFR 95.21). Specifically:
 - A. Source documents, such as invoices, purchase orders, paid bills, receipts, vouchers, cancelled checks, payrolls, time and attendance records, contract and subaward documents, tax records, etc., will be reviewed to assure that expenditures are allowable, have been made appropriately against cost categories, and are within cost limitations.
 - B. Financial records will be reviewed for planned versus actual expenditures.
 - C. Internal controls will be reviewed for adequate control and accountability, including signature authority and property management.
 - D. Any audit findings that involve the subrecipient will be reviewed for resolution.
 2. Programmatic records, including:

- A. Applicant and participant files (paper and/or electronic) for WIOA Title I eligibility, reporting, and documentation requirements (including data element validation).
 - B. Processes and documentation related to service delivery for WIOA Title I funded services, including but not limited to on-the-job training, work experience, Individual Training Accounts (ITAs), supportive services, and incentive payments.
 - C. WIOA Title I performance outcomes and effectiveness of specific program or grant goals.
- 3. Equal opportunity and nondiscrimination provisions.
 - 4. The protection of personally identifying information (PII).
 - 5. Policy and documentation regarding conflict of interest.

The SWC may choose to review other areas of program management and operations where appropriate or when required by a program or grant funding source. These areas could include, but are not limited to:

- 1. Complaint and grievance procedures.
- 2. Personnel records.
- 3. Program requirements from funding sources other than WIOA Title I programs.

c. Annual Monitoring Process

The SWC's monitoring team will conduct monitoring of each subrecipient receiving funds from the SWC on an annual basis.

The SWC will work with subrecipients to establish and distribute a monitoring schedule 90 days prior to the start of annual monitoring activities. This schedule is subject to modification and does not limit the SWC from conducting unannounced or unscheduled reviews at its discretion.

Monitoring activities will encompass both financial and programmatic monitoring. Program and fiscal monitoring activities include on-site visits, off-site desk-level reviews, and analyses of both financial and program outcomes.

The annual monitoring process consists of the following steps:

- i. Desk review performed by SWC prior to on-site visit analyzing appropriate data;
- ii. Entrance interview introducing the monitoring team and explaining the scope of the visit;
- iii. Program and fiscal data gathered;
- iv. Periodic observation reports summarizing the progress of the review;
- v. Exit interview summarizing informal results of monitoring activities;
- vi. Preliminary report sent to the subrecipient describing results of the review and listing corrective action if necessary;
- vii. Subrecipient response within 30 days of issuance of preliminary report (unless otherwise agreed to by SWC);
- viii. SWC review and determination on subrecipient response;
- ix. Subrecipient agreement or non-agreement with findings;
- x. Final report issued and distributed;
- xi. SWC staff will conduct any necessary follow-up of corrective action plans;
- xii. SWC staff will document that the review has been completed, any outstanding and received responses, and completed and outstanding corrective actions.

d. Access to records

It is a requirement that a subrecipient of the SWC permit the SWC monitoring team to have access to records, financial statements, facilities, and participants funded wholly or in part by WIOA Title I funds at any time.

e. Corrective action

In the event a monitoring review identifies a questionable activity, corrective action may be necessary. Questionable activities are defined as:

- i. **Item to address** – a clear and direct item or area of non-compliance with federal, state, and local law and regulations; or an item or area that while not a clear and direct violation of state or federal law or regulation, could lead to such a violation if not addressed.

- ii. **Questioned cost** – a cost questioned as being unallowable, unallocable, or unreasonable based on compliance with OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. A questioned cost is a cost:
 - 1. That resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal or state award, including for funds used to match Federal funds (unallowable);
 - 2. Where the cost, at the time of the monitoring visit, is not supported by adequate documentation (unallocable); or
 - 3. Where the cost incurred appeared unreasonable and did not reflect the action a prudent person would take in the circumstances (unreasonable).
- iii. **Disallowed cost** – a cost that includes any expense of SWC grant or contract funds that is determined to be unallowable, unallocable, or unreasonable based upon federal or state law or regulations.
- iv. **Finding** – a finding includes:
 - 1. Any item or combination of items that results in a disallowed cost above \$25,000;
 - 2. Any item, combination of items, or process that poses significant risk to the organization’s control systems and ability to meet the requirements of federal, state, and SWC grants and contracts;
 - 3. Any “Item to address” identified in a previous year’s monitoring report that has not been addressed or resolved.

Any questionable activities are addressed in the preliminary monitoring report. The SWC reviews with the subrecipients any questionable activities and will provide written plans for corrective action when appropriate.

Written corrective action plans are necessary to ensure that questioned activities are properly addressed in a timely manner and that controls are put in place to ensure future issues do not occur. With regard to corrective action, the preliminary report provided to subrecipients will identify the following:

- i. No corrective action necessary;
- ii. 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; or
- iii. Technical assistance needed; will be provided when deficiencies are noted which require additional information and/or training assistance.

Subrecipients will provide the SWC with the status of corrective action plans by the time specified in the preliminary report by indicating:

- i. Corrective action completed;
- ii. Corrective action pending, where action has been justifiably delayed or initiated but results not yet realized;
- iii. Action not taken when no corrective action has been initiated and an acceptable resolution cannot be reached; or
- iv. Remedial action necessary which ranges from an alternative solution or revised timetable to termination of the Subrecipient Agreement.

f. Technical Assistance

If an area of concern or concerning practice is identified at any point, the SWC may offer or coordinate technical assistance as needed. Technical assistance may include:

- i. Additional on-site visits;
- ii. Training or consultation to subrecipients on monitoring standards such as: fiscal invoicing and documentation, MIS procedures, documentation of eligibility and service delivery, and program service delivery design;
- iii. Review with subrecipients of any exceptions, issues, or lack of internal controls.

g. Privacy Protections

During monitoring and oversight activities, SWC and subrecipient staff will take steps to protect the privacy of all applicant and participant files. Any physical files or other pieces of hardcopy information that will be reviewed for several days must be gathered and contained in a secure environment, such as a locked

conference or file room. Electronic files or other pieces of electronic information will also be viewed in a secure environment.

h. Reporting Suspected Fraud, Abuse and Criminal Conduct

Due to the nature of monitoring activities, there is a potential to uncover suspected fraud, abuse, or criminal conduct. For Federal funds either directly or indirectly received from the U.S. Department of Labor (DOL) Employment and Training Administration, the SWC follows the procedures set forth in Training and Employment Guidance Letter (TEGL) 2-12 for reporting suspected fraud, abuse, and criminal conduct. The SWC will immediately document allegations of such using [DOL's Office of Inspector General 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 Office of Inspector General (OIG) and Office of Financial and Administrative Management (OFAM) by telephone and followed up with a written DOL OIG Incident Report form, no later than one working day after the telephone report. Contact information for OIG and OFAM can be found in [Attachment D of TEGL 2-12](#) or at www.oig.dol.gov/hotlinecontact.htm#.

4. Action Required

Recipients of funding through the SWC must distribute this policy broadly throughout the system to ensure that appropriate WorkSource System staff are familiar with its content and requirements.

5. References

- [ESD WIOA Policy 5414 R1 – WIOA Title I Monitoring](#)
- [Code of Federal Regulations; 29 CFR 95](#)
- [Code of Federal Regulations; 2 CFR 200](#)
- [U.S. DOL / Employment and Training Administration's TEGL 2-12](#)

6. Supersedes

SWC Policy A101

Revision History:

#A101 - Nov 2019

#G104 - 2014

#104 - 2008