



## Monitoring & Compliance Oversight Policy

**POLICY NUMBER: ADM-3010**

**REVISION EFFECTIVE DATE:** April 9, 2021

**SUPERSEDES:** WFC Monitoring and Oversight Requirement Policy Admin-2004 Issued June 30, 2016

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### PURPOSE

This policy describes WorkForce Central's compliance monitoring and oversight of its federally funded sub-recipients and contractors, including those funded with Workforce Innovation and Opportunity Act (WIOA) grants.

The purpose of this policy revision is to incorporate requirements included in Employment Security Department (ESD) Policy 5414 Revision 1 – WIOA Title I Monitoring and to communicate WorkForce Central's compliance monitoring processes.

### BACKGROUND

20 CFR 683.410 outlines the oversight roles and responsibilities of recipients and sub-recipients of WIOA funds. Each recipient and sub-recipient of funds under title I of WIOA must conduct regular oversight and monitoring of its WIOA programs and those of its sub-recipients and contractors as required under WIOA and 2 CFR part 200 in order to:

- Determine that expenditures have been made against the proper cost categories and within the cost limitations specified in WIOA.
- Determine whether there is compliance with other provisions of WIOA and the WIOA regulations and other applicable laws and regulations.
- Ensure compliance with 2 CFR part 200, and
- Determine compliance with nondiscrimination, disability, and equal opportunity requirements of section 188 of WIOA. WorkForce Central's equal opportunity monitoring is detailed in WorkForce Central's Equal Opportunity and Non-discrimination Policy.

Additional monitoring activities ensure:

- Programs and contractors achieve intended results.
- Resources are efficiently and effectively used for authorized purposes and are protected from waste, fraud, and abuse, and
- Reliable and timely information is captured and reported to the Department of Labor Employment and Training Administration (DOL ETA) to serve as the basis to improve decision making.

Section 184 of Public Law 113-128 requires each state to establish policies to ensure accountability with the proper disbursement and use of WIOA Title I funds. ESD published Policy 5414, Rev. 1 outlining the State's WIOA monitoring requirements. Sub-recipients of WIOA Title I funds that are found to be in noncompliance with WIOA guidelines outlined in 20 CFR 683.200 and ESD Policy 5414, Rev. 1, as well

as applicable state and agency policies, are subject to sanctions determined by the state.

In alignment with ESD, WorkForce Central is committed to fostering a continuous improvement culture through transparency and collaboration that supports the success and accountability of our WIOA-funded sub-recipients and contractors in maintaining compliance with applicable WIOA law, rules, and guidance.

## **POLICY**

As required in ESD Policy 5414, Rev. 1, WorkForce Central, on behalf of the Pierce County Workforce Development Council and Executive Board, will conduct programmatic, fiscal, and administrative compliance monitoring of WIOA-funded sub-recipients and contractors on an ongoing basis throughout the program year, and on an annual basis if otherwise not conducted throughout the year. WorkForce Central will also ensure that the use, management, and investment of funds for workforce development activities is consistent with WIOA laws, DOL ETA regulations, Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (known as the OMB Super Circular and 2 CFR Part 200), ESD and WorkForce Central policies.

WorkForce Central's holistic approach to its programmatic, fiscal, and administrative oversight of its subrecipients and contractors includes, but is not limited to:

- Establishing and adhering to appropriate systems for award and monitoring of agreements with grant recipients, assuring acceptable standards for accountability.
- Communicating grant requirements to sub-recipients and contractors.
- Acting with due diligence to monitor the implementation and compliance of sub-recipient and contractor contracts at monthly, quarterly, bi-annually, and/or yearly intervals. Contract Managers provide constant communication and maintain ongoing working relationships with sub-recipient and contractor staff throughout the life of the grant. WorkForce Central fiscal staff track fiscal activities including allowable costs and adherence to fiscal policies through detailed reviews of monthly invoices and reports.
- Identifying issues requiring technical assistance.
- Evidence of potential violation of WIOA, state, local, or other grant requirements are identified in real time. Technical assistance and corrective actions are communicated via email, phone call, and/or formal meetings.
- Performance is tracked in real time to identify the extent to which the provider is effectively and efficiently meeting contractual obligations and goals. Performance is reviewed on a monthly and quarterly basis.
- Implementing an audit resolution process by reviewing the sub-recipients' audit reports, resolving issues, and appropriately addressing corrective actions.

### **Frequency of Monitoring Reviews**

WorkForce Central's compliance reviews are not limited to an annual onsite review. WorkForce Central conducts intensive oversight and compliance reviews on a regular basis, throughout the program year. WorkForce Central, may, based on need, conduct an annual compliance review of elements not otherwise reviewed throughout the program year.

### **Scope of Monitoring Reviews**

Compliance monitoring will encompass a review of programmatic, financial, and administrative activities. Monitoring may include on-site visits; monthly, quarterly, and yearly virtual desk-top reviews; and analyses of both program and financial/administrative outcomes to help identify potential weaknesses before such weaknesses result in substandard performance or questioned costs.

- **Program Monitoring.** This review includes, but is not limited to, an evaluation of the federally funded sub-recipient and contractor programs and services to eligible individuals pursuant to WIOA Title I requirements and related federal and state legislation, regulations, policies and guidance, and OMB Circulars and Uniform Guidance.

WorkForce Central will examine program participant files and the State's Management Information System (MIS) records to:

- Ensure only eligible participants are enrolled and applicable eligibility documentation is collected and properly recorded.
- Ensure proper maintenance and content of participant records to include pertinent forms and data.
- Confirm appropriate and adequate case notes are documented ensuring continuity from time of application through completion of services.
- Verify all relevant participant data and services have been accurately and timely recorded into the State's MIS.
- Ensure implementation of contractual service delivery model.

On-site visits with sub-recipient and contractor management, staff, and clientele may be conducted to observe operations and gain insight into the sub-recipient's and contractor's environment, processes and procedures, and overall customer service efforts and effects.

- **Financial and Administrative Management.** This review area includes but is not limited to an evaluation of the sub-recipient's and contractor's administrative and financial policies and practices, according to applicable federal and state legislation, policies and guidance, OMB Circulars and Uniform Guidance, and a review of the sub-recipient audit reports, when applicable, as required in 20 CFR 683.210 and 2 CFR Part 200, subpart F.

## Access to Records

The sub-recipient and contractor are required to permit WorkForce Central, Washington State ESD, Department of Labor (DOL), WA State Auditor, or other authorized representatives to have access to records, financial statements, facilities, and participants.

## Monitoring Documents

When applicable, WorkForce Central will utilize the following documents for oversight and monitoring activities of its WIOA-funded sub-recipients and contractors. WorkForce Central is required to make the following documents available to ESD, DOL, WA State Auditor or other authorized representatives.

- **Participant file checklists:** WorkForce Central will utilize ESD's monitoring file checklists posted to ESD's Workforce Professionals Center website. File checklists will be completed on selected participant records on an ongoing basis. If applicable, issues will be identified and corrective actions explained. Technical assistance will be provided as needed.
- **Fiscal and Administrative checklists:** WorkForce Central will utilize checklists on an ongoing basis to capture and document oversight and analysis of its sub-recipients. If applicable, issues will be identified and corrective actions explained. Technical assistance will be provided as needed.
- **Daily Observation Reports (DORs):** Daily Observation Reports (DORs) are the monitor's working papers and may be shared with the sub-recipients. DORs summarize the review that occurred during monitoring and may identify items to address, questioned costs, disallowed costs, potential findings, required corrective actions, recommendations, and the sub-recipients' responses.

- **Annual Compliance Monitoring Reports:** WorkForce Central will provide its sub-recipients an Annual Compliance Monitoring Report. The annual report will include a summary of the program year's compliance monitoring.

## DEFINITIONS

**Compliance Review** - An ongoing and annual examination to ensure the sub-recipient or contractor complies with applicable laws, regulations, contracts, grant agreement provisions, state policies, and local procedures related to the WIOA, including 2 CFR part 200. This includes appropriate reviews of performance and resolution of audit findings that involve the entity under review.

**Contractor** - A non-federal entity that receives a contract for the purpose of providing goods and services. Common characteristics of a contractor include:

- Provides the goods and services within normal business operations.
- Provides similar goods or services to many different purchasers.
- Normally operates in a competitive environment.
- Provides goods or services that are ancillary to the operation of the Federal program.
- Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

**Corrective Action** - Corrective action means action taken by the auditee that corrects identified deficiencies; produces recommended improvements; or demonstrates that audit findings are either invalid or do not warrant auditee action.

**Corrective Action Plan** - A plan imposed by WorkForce Central that requires a sub-recipient or contractor to take actions within a specified timeframe designed to correct specific instances of noncompliance or other failures.

**Daily Observation Report (DOR)** - Documents observations from a day or month of monitoring that may include noted practices, items to address, recommendations, questioned costs, disallowed costs, items that were resolved, or if no issues were identified for a specific element, and the sub-recipients' or contractors' responses. The DOR is the monitors' working papers and may be reviewed with the sub-recipient or contractor.

**Disallowed costs** - Disallowed costs means those charges to a federal award that the federal awarding agency or pass-through entity determines to be unallowable, in accordance with the applicable federal statutes, regulations, or the terms and conditions of the federal award.

**Finding** - Clear and direct areas of non-compliance with federal state and local law and regulations.

**Items to Address** - Items or areas that, while not a clear and direct violation of state or federal law or regulation, could lead to such a violation if not addressed.

**Noted Practice** - An approach to service delivery or process that is identified as being a unique or effective practice that offers increased services to customers or greater efficiency and effectiveness in service delivery or administration.

**Questioned Cost** - A cost that is questioned by the monitor as being unallowable, un-allocable, or unreasonable. Questioned costs are costs:

- 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);
- Where the costs, at the time of the monitoring visit, are not supported by adequate documentation (un-allocable); or

- Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances (unreasonable).

**Sub-recipient** - A non-federal entity that receives a subaward for the purpose of carrying out part of a federal award. The subaward creates a federal assistance relationship with the sub-recipient. Common characteristics of a sub-recipient include:

- Determines who is eligible to receive what Federal assistance.
- Has its performance measured in relation to whether objectives of a Federal program were met.
- Has responsibility for programmatic decision making.
- Is responsible for adherence to applicable Federal program requirements specified in the Federal award.
- In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

## REFERENCES

- Public Law 113-128 – Workforce Innovation and Opportunity Act of 2014, Sections 181, 184 and 185
- 20 CFR, Parts 683.200; .210; .220;.400; .410; .420; 430; .440
- 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- 2 CFR 2900.21
- TEGE 15-14 - Implementation of the new Uniform Guidance Regulations
- ESD Policy 5414, Revision 1-WIOA Title I Monitoring
- DOL Core Monitoring Guide

## APPROVED

Katie Condit

Katie Condit (Apr 9, 2021 09:16 PDT)

Apr 9, 2021

Katie Condit, WFC CEO      Date

EQUAL OPPORTUNITY – EQUAL ACCESS

WorkForce Central is an equal opportunity employer/program.

Auxiliary aids and services are available upon request for individuals with disabilities. Washington Relay Service - 711