



Local Oversight Policy and Procedures

Effective Date – April 6, 2022

PURPOSE

This document establishes Workforce Solutions policy on the oversight responsibilities regarding the Workforce Innovation and Opportunity Act (WIOA) and provides instructions for the development of subrecipient / contract service providers monitoring plans and guidelines.

BACKGROUND

As outlined in WIOA section 184, each State (including the Governor of the State), local area (including the chief local elected official (CLEO), and provider receiving funds under this title shall comply with the appropriate uniform administrative requirements for grants and agreements applicable for the type of entity receiving the funds, as promulgated in circulars or rules of the Office of Management and Budget.

The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity.

POLICY

Title 20 CFR section 683.410 defines the rules and areas in which oversight must be conducted by the recipients and subrecipients, including ensuring compliance with relevant rules and developing a monitoring system. Proposed paragraph (b) of this section also discusses a number of requirements for States' monitoring systems and the Governor's biannual certification. The Department has always placed significant emphasis on monitoring as a tool in providing effective grants managements and this emphasis is further supported by the inclusion of monitoring the Uniform Guidance. Monitoring and oversight also helps in identifying technical assistance needs, areas for improvement, and best practices.

The oversight roles and responsibilities of recipients and subrecipients of WIOA are as follows:

Each recipient and subrecipient of funds under WIOA must conduct regular oversight and monitoring of its WIOA and those of its subrecipients and contractors as required under WIOA, as well as under 2 CFR part 200, including 2 CFR 200.327, 200.328, 200.330, 200.331, and Department exceptions at 2 CFR part 2900, in order to determine the following:

1. Identify procedures for monitoring of all subrecipients at least once each program year.
2. Require that the onsite review of each subrecipient is both fiscal and programmatic. If the subrecipient's administrative office/fiscal department is separately located at an inaccessible site (i.e., out-of-state or not within a reasonable commute outside of the workforce investment area), the WIOA administrative entity must require that copies of fiscal records of a sufficient nature and sample size are sent to the subrecipient's local office or directly to the WIOA administrative entity for review.
3. Determine expenditures have been made against the proper cost categories and within the cost limitations specified in the WIOA.
4. Require that monitoring of subrecipients follow a standardized review methodology that will result in written reports which record findings, any needed corrective actions, and due dates for the accomplishment of corrective actions.
5. Require systematic follow-up to ensure that necessary corrective action has been taken.
6. Identify procedures for the oversight of the One-Stop delivery system.
7. Describe procedures to assure that the procurement, receipt, and payment for goods and services received from vendors, including on-the-job training employers, are in accordance with laws, regulations, and the provisions of contracts or agreements. While contractors are not subject to the scope of the monitoring requirements for subrecipients, LWDA's are responsible for ensuring compliance regarding contractor transactions. The procurement of goods and services from contractors must comply with Federal and State requirements.
8. Require that a system is in place to ensure that the LWDA and its subrecipients are in compliance with the nondiscrimination, disability, and equal opportunity requirements of section 188 of WIOA, including the Assistive Technology Act of 1998 (29 U.S.C. 3003)
9. Require that all written reports and other documentation pertaining to monitoring and other oversight activities must be made available for review by Federal and State officials.
10. Require that reports and other records of monitoring activities must be retained for three years from the date of submission of the final expenditure reports regarding the funding sources monitored. If any litigation, claim, audit or other action involving the records has been

started before the expiration of the three-year period, the records must be retained until completion and resolution of all such actions or until the end of the three-year period, whichever is later.

The standards in this policy apply to all WIOA subrecipients and contract service providers.

Specific Information

The Workforce Innovation and Opportunity Act (WIOA) requires a system of accountability to assess the effectiveness of State and Local Workforce Development Boards (LWDBs) in achieving an optimum return on federal funds invested in programs and activities administered by Local Workforce Development Areas (LWDAs). The Bureau of Workforce Development Administration (BWDA) has established guidelines on how to achieve an effective monitoring/oversight system that ensures continuous improvement in serving program participants and customers. The North Central Workforce Development Board (NCWDB) has adopted these guidelines accordingly.

1. Definition of Monitoring

Monitoring is a deliberate collection and analysis of data for the purpose of addressing an oversight function. It is a systemic review of internal and external programs and operations.

- Compliance/Administrative monitoring assesses adherence to contract requirements, laws, and regulations.
- Performance monitoring measures progress toward the satisfactory accomplishment of program goals.
- Managerial/Fiscal monitoring places emphasis on the quality of performance and outcomes relative to costs.

2. Workforce Solutions Monitoring/Oversight Responsibilities

Workforce Solutions, in conjunction with the Chief Elected Official, is charged with planning and ensuring that monitoring/oversight of LWDA services and activities are conducted in accordance with federal, state, and local statutory/regulatory requirements. There are several strategies for assuring the quality of administrative and program operations, and PA CareerLink® activities. The 4 minimum requirements for monitoring/oversight at the local level are:

- Reviews of single audits;
- Reviews of Quality of Service to enhance program accountability;
- Onsite visits to review records and documents, and to observe operations; and
- Reviews of service providers' financial and progress reports.

In addition, the above activities also identify those service providers in need of technical assistance. Technical assistance in the forms of, but not limited to, special training, discussion of areas of concern, evaluation of program operation or any combination thereof may be requested in writing to the person(s) indicated on the last page of this policy.

3. Methodology

The following methods are options that may be utilized to conduct oversight/monitoring of subrecipient/contract service providers:

- On-Site Visits – are visits conducted at the subrecipient / contract service provider location. Activities may include fiscal and programmatic monitoring to ensure WIOA funds are adequately safeguarded, program performance goals are met, and the subrecipient / contract service provider are programmatically, operationally and fiscally compliant.
- Desk Reviews – are not conducted at the subrecipient / contract service provider location and are conducted on programs and related financial and participant data to test compliance to identify potential or recurring problems, to prepare for more in-depth on-site visits and to conduct more systematic and continuous oversight.
- Random Sampling – is a predefined volume of samples at random to be used to help identify compliance violations, questioned costs and/or potential weakness in performance.
- Surveys – are a method used to help identify compliance violations, questioned costs or potential weakness in performance, as well as to capture promising practices or needs for technical assistance.
- Spot Reviews – review of a specific area(s) that may have been noted in a previous review and/or determined appropriate by the Oversight/Monitoring Team.
- Other – in addition to the above, other methods of gathering information may include:
 - Interviews with participants and/or worksite supervisors
 - Limited scope audits
 - Evaluations by third parties (consultants)
 - Telephone calls
 - Email communications
 - Evaluations of news stories and features about subrecipients/contract service providers, etc.

Note: at all times, protections will be made to access and control all participant data or data that contains personally identifiable information or PII through the use of secure email, data encryption, or through a secure document repository.

Specialized oversight activities such as but not limited to spot reviews may be conducted to investigate allegations of mismanagement or to clarify unusual findings.

4. Who Must be Monitored / Frequency

Workforce Solutions has made a distinction between subrecipients and vendors when determining who must be monitored. A vendor provides goods or services within normal business operations. It provides similar goods or services to many different purchasers, and those goods or services are ancillary to the operation of a federal program. A subrecipient is a legal entity to which an award of federal and state funds is made accountable to the recipient for use of the funds provided. A subrecipient performs the following activities:

- Determines eligibility for the funded program;
- Has its performance measured against the objectives of the program;
- Has responsibility for adherence to applicable federal and state program compliance requirements; and,
- Uses federal and state funds to carry out a program of the organization as opposed to providing goods or services for a program.

At a minimum, all subrecipients and contract service providers will be monitored for compliance of each of the below monitoring elements every program year unless the LWDA is following a risk assessment policy, as outlined in Section VIII. The monitoring process will include, but is not limited to, the elements described below:

- Administrative – monitoring will be conducted at least once each program year
 - Activities to be monitored may include: governance, agreements, organizational structure, policy and procedures, capacity to provide oversight, ADA compliance, non-discrimination and civil rights provisions, equal opportunity requirements, etc.
- Programmatic – monitoring will be conducted quarterly
 - Activities to be monitored may include: management and standards, policies and procedures, service delivery, access to services, participant eligibility, performance measures and outcomes, services to priority and special populations, record retention and case file maintenance, supportive services and needs based payments, youth activities, data analysis, data element validation, etc.

- Fiscal – monitoring will be conducted at least once each program year and more frequently as defined by the risk assessment
 - Activities to be monitored may include: cash management practices, program income and reporting, cost allocation and allowability, payroll administration, procurement policies, property management, record retention, audit requirements, performance measures, insurance, separation of duties, and internal controls.

Note: For purposes of EEO & ADA requirements, and in accordance with 29 CFR part 38 eligible providers under Section 188 of WIOA are subrecipients.

5. Subrecipient and Contract Service Provider Monitoring

Subrecipients / contract service providers that must be monitored for compliance include:

A. Fiscal Agents, if not part of the Local Board Staff

Workforce Development Information Notice No. 2-03, Change 1, Local Workforce Development Board Staffing Policy, date August 8, 2003, provides guidance on Local Board staff policy. It encourages Local Board and Fiscal Agent staff to be organized as a single entity for all administrative functions and advocates procuring the provision of services from other agencies. If the Local Board is already consistent with this policy guidance, then the Local Board does not need to monitor Fiscal Agent or LWDB staff.

B. Youth Services

Youth programs/providers are reviewed/monitored to ensure the quality of the following items:

- 14 program design elements;
- Child Labor Law Compliance;
- Individual Service Strategies, if required by local policy;
- Follow-up procedures;
- 75% Out-of-School Youth expenditures;
- Achievement of negotiated performance levels; and,
- Other, e.g., EARN requirements.

C. Adult Services

This category includes programs serving WIOA Adult and Dislocated Worker participants, incumbent workers, welfare recipients, and other target groups:

- Eligibility for training services, including Individual Training Accounts (ITAs), with providers on the State's Eligible Training Provider list;
- Coordination with Pell and other grants, if applicable;
- Coordination with other agencies serving the same target groups;
- Leveraging of resources;
- ABE/GED classes;
- Rapid Response contracts;
- OJT/Work Experience/Subsidized Employment;
- Job Readiness/Job Preparation workshops;
- Attainment of performance goals/standards; and,
- Other e.g., EARN requirements.

D. Other Contract Service Providers

Annual administrative, programmatic, and fiscal monitoring is required to any provider who is contracted for services that fall outside of the definition of a vendor which provides goods and services within normal business operations, provides similar goods or services to many different purchasers, and normally operates in a competitive environment.

6. PA CareerLink Monitoring

At a minimum, all PA CareerLink®s are monitored for compliance each program year. Monitoring of PA CareerLink® activities and operations are conducted on an ongoing basis by reviewing:

- Compliance with the following legal documents: WIOA Local Plan, Resource Sharing Agreements, One Stop Service Plans, Modifications to Agreements, LWDA One Stop Partner Agreements, and LWDB/One Stop Operator Agreements;
- Adherence to the LWDA's to the LWDA's PA CareerLink Chartering criteria;
- Customer satisfaction (both job seekers and employers);
- Evaluation of performance and operational systems;
- Qualitative and Quantitative analysis;
- Continuous improvement strategies; and
- Effective practices.

7. Monitoring Tools

Workforce Solutions has developed written monitoring tools that include supporting documentation. Workforce Solutions monitors internal and external LWDA programs and operations of service providers. The varying requirements of the funding streams involved are taken into consideration when designing monitoring tools. At a minimum, monitoring tools include information such as, but not limited to:

- Name of the agency;
- Services or activities provided;
- Total amount of the contract and sources of the WIA/WIOA funding (adult, youth, dislocated worker, etc.);
- Date(s) of the monitoring activity;
- Staff interviewed; and,
- A summary of the findings that include program strengths, concerns, deficiencies and areas where technical assistance may be needed.

8. Risk Assessments

Workforce Solutions uses a risk assessment approach to narrow and concentrate their scope of review. This method substantially increases the overall risk of negative consequences. There are four steps involved in conducting a risk assessment, and examples of pertinent question to accomplish these steps. They are as follows:

1. Define the scope of the risk being assessed. “Which contractors involve the most risk exposing the LWDB to adverse consequences”;
 2. Identify areas of possible exposure associated with taking additional risks. “What is the vulnerability of the LWDA and LWDB if contractor compliance with WIA/WIOA fiscal system requirements is monitored less frequently?”;
 3. Identify the factors used to assess risk. “Has the contractor experienced major changes in personnel or practices since the last review? What is the structure for provision of services? Is there a history of disallowed costs? Is there a significant history of prior monitoring and/or audit findings? What is the contractor’s share of the LWDA’s allocation?” and,
 4. Project the risk. Assign point values to the scoring system. The numerical ratings can then be used to help the LWDB determine how to allocate its monitoring resources.
- Subrecipients / contract service providers are classified as either “High Risk”, “Medium Risk” or “Low Risk” for the purposes of measuring program accountability. Risk Assessment is typically completed during the pre-award phase. At a minimum,

Workforce Solutions will monitor all subrecipients / contract service providers at least once per year. However, Medium or High Risk subrecipients / contract service providers will be monitored more frequently. The NCWDB reserves the right to increase monitoring frequency as needed and determine the appropriate monitoring methodology.

- The level of risk may change at any time and may be based on any of the below:
 - Increased changes of personnel
 - Monitoring findings / noncompliance
 - Consecutive or recurring findings
 - Findings from previous audit results
 - Failure to meet performance

9. Workforce Solutions Monitoring Report

Monitoring reports/results are made available to Workforce Solutions' Board twice per year. These reports enable the NCWDB to assist with strategic planning efforts, assess service providers' compliance with federal and state regulations, plan future technical assistance activities, and adjust policies to reflect emerging economic opportunities. Reports are also forwarded to each monitored entity. If there are findings or concerns, a corrective action plan (CAP) must be submitted.

10. Workforce Solutions Plan of Action

Workforce Solutions staff provide quality technical assistance to service providers in enhancing program performance and accountability. If deficiencies or concerns are identified, Workforce Solutions works closely with the service provider in correcting these issues. Service providers that exhibit a pattern of inconsistency in providing quality services are considered during risk assessment. This action allows monitoring staff the opportunity to make adjustments necessary to create a sound oversight system for the North Central Workforce Development Area.

11. Overview of Complete Monitoring Process / Flow

- Notification - is provided to subrecipient / contract service provider in advance of monitoring activities
- Assessment of Risk - is completed annually – see #8 above

- Monitoring Performed – includes administrative, programmatic and fiscal as described in #4 above and follows the frequency as defined by the risk assessment utilizing the methodologies and tools as outlined in this policy.
- Evaluations and Clarifications - may be sought from the subrecipient/contract service provider when the data is questionable or if it is unclear.
- Exit Conference – may be formal or informal and is required 10 business days after the monitoring cycle has been completed.
- Formal Report – is a summary of oversight activity results and may include:
 - Findings and Required Actions – identified issues, policies or practices that are non-compliant with federal, state and/or local statutes, regulations, terms and conditions of an award or contract, policies and directives. A corrective action plan may be required to address any or all findings.
 - Areas of Concern – issues, policies or practices observed during the oversight activity that may negatively impact the sub-recipient or service provider’s ability to effectively manage the grant or provide services. Workforce Solutions may require a response to identified concerns.
 - Promising Practices – effective or innovative practices may be noted or highlighted in the report.

The formal report to include: oversight/monitoring report, summary of questioned costs, and findings and recommendations is submitted to the Executive Director, NCWDB and the CEO to inform them and ensure they are in agreement with the report. The report will then be sent to the monitored site and advised of the 30 working day resolution process.

- Appeals Procedure - When a subrecipient/contract service provider wishes to appeal a monitoring finding or concern, the subrecipient/contract service provider, within fifteen (15) working days of receiving the monitoring report, must provide a written appeal to Workforce Solutions’ Executive Director detailing the reason(s) for the subrecipient/contract service provider ‘s objection to the finding or concern, and documentation outlining grounds for appealing the finding(s) or concern(s). Documentation may include written guidance or policy, training materials, or other such foundation for appeal. The Executive Director for Workforce Solutions will take the matter before an appropriate Committee of the Board for review within sixty (60) days of the receipt of the formal appeal. The Committee of the Board will consider the

appeal and may request additional information from the subrecipient/contract service provider. When all information is received and reviewed the Committee of the Board will render their decision within fifteen (15) days of their final review. The decision of the Committee of the Board is final.

- Resolution / Corrective Action– all monitored sites will be given 30 working days to provide written corrective action to Workforce Solutions regarding any findings.
- Final Determination/Response Accepted – If the monitored site is in agreement with the findings and takes the recommended corrective action, no Final Determination is necessary. If the site is not in agreement with the report, the Oversight/Monitoring Team will re-examine the findings. If the findings are found to be valid, the informed site must comply or further action will be taken. If the findings are found to be invalid, the site will be informed in writing that the finding is invalid and no response is necessary.
- Follow Up Review - Within 90 days of site approval, a follow up visit will be conducted to ensure corrective action was taken. The follow up can be conducted in-house if the finding is due to a reporting requirement. For all other findings, the follow up will be conducted on-site. A follow up report will be completed and submitted for approval. When the report is approved, the site will be sent a Follow up Review Report. If the site is still deficient, the Executive Director will determine what the next course of action is. If correction action has been taken on all deficiencies and the follow up review has been completed, the monitoring process is complete.

DEFINITIONS

Subrecipients. A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. See §200.92 Subaward. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

- (1) Determines who is eligible to receive what Federal assistance;
- (2) Has its performance measured in relation to whether objectives of a Federal program were met;
- (3) Has responsibility for programmatic decision making;

(4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and

(5) 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.

Contract Service Provider - is an entity other than a vendor engaged to provide goods, services or both under a contract that is also subject to the monitoring process.

Contractors. A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. Contractor includes entities that the Act refers to as "vendors." Additionally, it is important to note that contractors are not subrecipients. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor:

(1) Provides the goods and services within normal business operations;

(2) Provides similar goods or services to many different purchasers;

(3) Normally operates in a competitive environment;

(4) Provides goods or services that are ancillary to the operation of the Federal program; and

(5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

ACTION REQUIRED

Workforce Solutions and its subrecipients / contract service providers of WIOA funds must adhere to the procurement practices outline in this policy.

REFERENCES

References from WIOA are from the Act, as signed into law in July 2014. References from Title 20 of the Code of Federal Regulations (CFR) are cited from the Notice of Proposed Rulemaking, and are therefore subject to change pending issuance of final Federal Regulations.

- WIOA Section 184(a)(4)
- 20 CFR 683.215; 683.220; 683.400; 683.410; 683.420

- Title 2 OMB CFR 200.330 – 200.332 STATE-IMPOSED REQUIREMENTS: This document may contain State-imposed requirements.

INQUIRIES

Questions shall be directed to:

Pamela Streich, Executive Director at pstreich@ncwdb.org; or

Donna Hottel, Strategic Planning and Project Manager at dhottel@ncwdb.org

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