



Title:	Monitoring Sub-Recipients and Contractors Policy	Policy #	29
Effective Date:	August 20, 2015	Revision Date:	October 17, 2024

PURPOSE:

To provide guidance to local workforce development areas regarding the requirements for monitoring, oversight, and evaluation necessary to ensure compliance with the Workforce Innovation and Opportunity Act (WIOA) of 2014, applicable Federal laws and regulations, and state and local guidance.

REFERENCES:

- Workforce Innovation and Opportunity Act of 2014
- Final Rule Subpart D- 20 CFR §683.400-440
- Title 2, Part 200- Uniform Administrative Requirements
- Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200 (Subpart E)
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Subpart D2 CFR §200.328, 2200.330-332
- Virginia Workforce Letter (VWL) No. 19-06, Change 1

REVISION HISTORY:

This guidance replaces VWL 05-01, Oversight and Compliance Activities for Local Workforce Investment Areas dated February 7, 2011, and VWL 11-08, Local Monitoring requirements for Workforce Investment Areas dated January 6, 2012.

DEFINITIONS:

Non-Federal entity - a state, local government, Indian tribe, institution of higher education, or non-profit organization that carries out a federal award as a recipient or subrecipient. (2 CFR 200.69)

Pass-through entity- a non-Federal entity that provides a subaward to a subrecipient to carry out part of a federal program.

Subrecipient - a non-Federal entity that receives a sub-award from a pass-through entity to carry out part of a federal program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

Contractor - an entity that receives a contract from a subrecipient to carry out a project or program under a federal award.

Service Provider- an entity contracted by a local workforce development board to provide adult, dislocated worker, youth, or one-stop (American Job Center) operator services.

Finding – a violation of federal, state, and local laws, regulations, contract provisions, grant agreements, policies, official directives, and regional/local plans as determined by the Virginia Works or Department of Labor. Findings must be addressed through corrective action and may result in the imposition of sanctions if not properly addressed.

Concern- identifies potential risk to the local area and may result in a future finding when not addressed. Concerns may result in recommendations or required actions to improve services to the local area.

Disallowed Costs- are 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.

BACKGROUND:

Monitoring and technical assistance, as required by law, are integral parts of the WIOA Title I Administrator's oversight responsibilities. Monitoring is an essential part of the program and financial management to ensure compliance with applicable laws, regulations, integrated workforce plans, provider agreements, policies, and procedures. Monitoring identifies areas of strength and weakness in operations with the intent of improving program performance. Technical assistance improves operational and management capabilities.

GUIDANCE:

A. Local Workforce Development Board and Fiscal Agent Monitoring Requirements

According to WIOA sec.107 (d)(8) Local Workforce Development Areas (LWDA), in partnership with the local Chief Elected Officials (CEOs), are charged with monitoring and oversight of WIOA programs and contractors/service providers on an annual basis to ensure compliance with federal, state, and local statutory or regulatory requirements.

Each local area must develop a monitoring policy that shall, at a minimum, outline the process for monitoring contractors/service providers and provide a timeline for monitoring activities, reporting, and corrective actions. On-site monitoring of all contractors/service providers shall be performed at least once annually as required by WIOA sec. 183.

a. Compliance Review Areas

Local area monitoring reviews shall include but not be limited to the following areas:

i. Administrative

A review of the administrative functions highlights whether contractors/service providers are compliant with all the provisions in their contract, looks at the contractor's/service provider's program activity and outcomes to ensure they are in line with the established goals of the contract/agreement, and determines whether the programs administered by the subrecipients are run effectively and efficiently. The administrative review should, at a minimum, ensure the following:

- Contractor/service provider compliance with federal, state, local area, and service provider policies and procedures, legal agreements, and the LWDB plan.
- Contractor/service provider compliance with all provisions in the provider contract or agreement.
- The contractor/service provider has a control system in place to ensure the maintenance of participant records and confidentiality of participant information.
- Contractor/service provider adherence to equal opportunity and accessibility standards.

ii. Fiscal

A review of the financial functions ensures the adequacy of internal controls and the reliability of the contractor's/service provider's financial management systems as they relate to the contract. The financial review also ensures that the contractor/service provider meets the fiscal terms and conditions of the contract (i.e., cost allocation, fiscal goals or requirements) and that amounts reported are properly allocated, allowable, and supported by documentation.

The fiscal review should, at a minimum, ensure the following:

- Adequacy of internal controls and the reliability of the contractor's /service provider's financial management system as they relate to the contract.
- The contractor/service provider meets the terms and conditions of the contract, cost allocation, fiscal goals or requirements, and amounts reported are accurate, allowable, supported by documentation, and properly allocated.
- The contractor/service provider reported expenditures are detailed in the contract budget and that the expenditures do not exceed the line item budgets.

- Procurement policies and procedures are comprehensive, and activities are properly supported and documented.
- A control system is in place to ensure records are maintained on the purchase, tracking, and upkeep of property purchased with WIOA funds.

iii. Programmatic

A review of programmatic functions ensures that the implementation of WIOA programs is compliant with all applicable regulations and that participants are provided the services they need with regards to their training and employment needs. The programmatic review should, at a minimum, ensure the following:

- Compliance with Federal, State, and local guidance regarding WIOA implementation.
- Data in participant case files is accurate, reliable, up-to-date, and compliant.
- The data in participant case files are accurately reported and reflected in the WIOA case management and reporting system “The Virginia Workforce Connection” (VaWC).

b. Working Papers, Reports, and Corrective Action Plans

Working papers used for monitoring record the activities that occurred during the monitoring visit, including timelines, and form the rationale for the monitoring report. These papers are a necessary part of the review process and serve to validate the information collection process.

A written monitoring report must be developed for each contractor/service provider monitored. Monitoring reports should include the date of the review, all three areas of review - administrative, fiscal, and program - and be structured in a way that effectively informs the contractors/service providers to appropriately address findings and concerns, timely and appropriately respond with corrective action plans. Monitoring reports must be provided to the contractors/service providers within 30 days of monitoring exit date. The report should clearly identify all findings, required corrective actions, and the due date for the corrective actions.

Written corrective action plans must be submitted by the contractors/service providers to the LWDB and local workforce development area (LWDA) WIOA Title I Grant Recipient according to the timeframe specified in the monitoring report. LWDB’s are responsible for resolving findings that arise from monitoring reviews using written monitoring and audit resolution procedures, debt collection, and appeals procedures used for other Federal grant programs.

Written reports and all other documentation pertaining to the monitoring review and other oversight activities must be made available for review by federal and state officials. Documentation of monitoring activities must be retained by the local area for three (3) 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 maintained until completion and resolution of all such actions or until the end of the three-year period, whichever is later.

B. State Level Process for Monitoring

Virginia Works, as the WIOA Title I administrative entity, is responsible for the oversight and monitoring of all workforce programs under the WIOA Title I activities to assure compliance with applicable WIOA Title I requirements and performance expectations, applicable federal laws and regulations, and state policies. As such, the WIOA Title I Administrator is required to conduct annual on-site monitoring of each local area to:

- Ensure that Local Workforce Development Board activities and One-stop System are compliant with federal and state regulations and guidelines governing WIOA Title I funded activities.
- Determine that expenditures have been made against the proper cost categories and within the cost limitations specified in federal and state regulations and guidelines.
- Ensure subrecipient compliance with 2 CFR part 200, including 2 CFR 200.327, 200.328, 200.330, 200.331, and all Department exceptions at 2 CFR part 2900.
- Ensure compliance with the nondiscrimination, disability, and equal opportunity requirements of WIOA section 188, including the Assistive Technology Act of 1998.

C. Monitoring Methods

i. Desk Reviews

Desk review monitoring is used for collecting and analyzing information and to support on-site reviews. Desk reviews analyze existing data such as contracts, policies, governance documents, prior audits and monitoring reports, local area performance, and review financial reports.

ii. On-site Reviews

The on-site review allows for the review of financial activities, verification of items contained in contracts or identified during the desk review, participant files, and permits the observation of customer flow and the provision of services.

Announced visits shall be structured to minimize the disruption of service provision and ensure that staff and participants are available for interviews.

iii. Interviews

Interviews with local board staff, service provider staff, and participants may provide a more complete, detailed picture of events and provide the necessary context for the record reviews. Interviews are primarily used to gather information about program quality, documenting performance for programmatic monitoring and general orientation purposes prior to compliance monitoring.

iv. Observation

Nonverbal behavior, records organization, staff and participant interaction, and facility maintenance provide insight into the data collection process.

Observation can verify or confirm information from other sources. Training observation assists in determining whether the training is effective; the participants are learning viable skills at an acceptable rate and can validate or reinforce previous findings.

b. Steps in the Monitoring Process

- i. Notification of pending reviews will be given at least thirty (30) days before each review. The WIOA Title I Administrator is authorized to monitor any entity receiving WIOA Title I funds, and these reviews may include entering sites or premises to examine program and fiscal records, interview employees, and interview participants. Virginia Works reserves the option to conduct unannounced or unscheduled reviews, as appropriate and determined necessary.
- ii. Random sampling and data validation techniques will be used to draw the samples for records review. The review may include all (100%) of the record universe if the universe is small or problems are identified during the review.
- iii. A combination of the monitoring methods identified above shall be employed for each review.
- iv. Working papers used for monitoring shall be established during each review and maintained in electronic files at Virginia Works.
- v. Within fifteen (15) business days of the conclusion of the monitoring, an exit conference will be held with the local area to review and discuss monitoring findings.
- vi. Within thirty (30) business days after the conclusion of the monitoring, a draft report of findings, concerns, and any necessary corrective actions shall be issued to the local areas. Local areas will have ten (10) business days to review the draft report for the accuracy of the findings and submit comments. WIOA Title I Administration Staff will determine necessary and appropriate edits on the basis of the response received. A final report will be issued within fifteen (15) business days from the date the response was received from the LWDB. The final monitoring report will be issued by the WIOA Title I Administrator to the LWDB Executive Director and Chair, Chief Elected Official Chair, and Grant Recipient.
- vii. For monitoring reports requiring corrective action, LWDBs will have thirty (30) calendar days from the date of the final report to submit a corrective action plan, to include specific timelines for deliverables.
- viii. WIOA Title I Monitors will acknowledge receipt of submitted corrective action plans and monitor the implementation of corrective actions and provide technical assistance, as needed or requested by the LWDBs, to ensure completion. If corrective actions are adequate to resolve the findings, written notification will be issued to the local areas. If corrective actions are not resolved within the identified timeframes, the issues shall be referred to the WIOA Title I Administrator for review and determination of further direction or the imposition of sanctions.

c. Working Papers, Reports, and Corrective Action Plans

Working papers for monitoring record the activities, including timelines, that occurred during the monitoring visit and form the rationale for the monitoring report. These papers are a necessary part of the review process and serve to validate the information collection process and will be kept in an electronic monitoring file.

A written monitoring report will be developed for each area monitored and shall include the date of the review, all areas of review, findings and concerns, and required

corrective actions. The written reports and all other documentation pertaining to monitoring and other oversight activities shall be retained by Virginia Works and made available for review by Federal officials, as requested.

C. Appeals Process

While local areas have time during the draft review process to contest findings in the monitoring report, they will also have fifteen (15) business days from the date of the final report to provide a written appeal to the WIOA Title I Administrator detailing the reason(s) for the objection to the decision and documentation of the issue. The appeal should be in the form of a signed letter on local area letterhead.

The local area must submit documentation outlining the grounds for appealing the finding(s) or concern(s). Documentation could include written guidance or policy, training materials, or other such foundation for appeal.

The WIOA Title I Administrator will establish a team to consider the appeal within thirty (30) days of receipt of the appeal. Additional documentation may be requested from the local area at any time during the appeal review process. The WIOA Title I Administrator will respond in writing to the local area within fifteen (15) business days of completion of the appeals review. The decision communicated via the written response will be final.

INQUIRIES:

Inquiries regarding this VWL may be directed to the WIOA Title I Administrator.

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