



<b>Title:</b>	<b>Monitoring and Oversight, Sub-Recipients and Contractors Policy</b>	<b>Policy #</b>	<b>29</b>
<b>Effective Date:</b>	<b>August 20, 2015</b>	<b>Revision Date:</b>	<b>December 20, 2025</b>

**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 D 2 CFR §200.328, §00.331-.333; §2 CFR 200.334-.338
- Virginia Workforce Letter (VWL) No. 19-06, Change 1 and Change 2

**REVISIONS:**

This guidance replaces VWL 19-06, Change 1 Oversight and Monitoring dated February 15, 2025. This update clarifies local area requirements for fiscal and programmatic monitoring, including related work papers, reports, and corrective action plans. It also streamlines the state’s monitoring methods

**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 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.

## **BACKGROUND:**

Effective monitoring is essential for upholding the quality and integrity of workforce development services delivered under Title I of WIOA. This guidance letter outlines the requirements for monitoring federally funded programs at the local and state levels to ensure compliance with federal and state laws, regulations and guidance, proper stewardship of federal funds, and effective high-quality service delivery.

## **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 have a monitoring policy that shall, at a minimum, outline the process for monitoring, a timeline for monitoring activities, reporting, and corrective actions.

#### **a. Compliance Review Areas**

All LWDAs, including those acting as career service providers, must monitor their compliance with WIOA's requirements at least once per program year as required by WIOA. This involves assessing fiscal and programmatic aspects, ensuring accessibility for individuals with disabilities and ensuring services are delivered effectively and aligned with local labor market needs and the strategic plan. Monitoring activities must include, but are not limited to the following:

##### **i. Fiscal**

A review of the financial functions ensuring adequate internal controls and reliable financial management systems to ensure federal funds are properly allocated, expended on allowable activities, and properly documented.

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

- Adherence to the federal "Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards" (2 CFR 200). This includes following proper accounting procedures and fiscal policies to prevent fraud, waste, and abuse.

- Provider compliance with all provisions in their contracts, budgets and/or award agreements, including requirements for invoicing and documentation.
- Ongoing tracking of spending and obligations is conducted to ensure expenditures align with the approved budget and obligations are met.
- Expenditures are allowable, properly categorized and coded, supported with proper documentation, and reported accurately.

**ii. Programmatic**

A review of programmatic functions ensures that the implementation of WIOA programs is compliant with regulations and service delivery is efficient and effective.

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

- One-stop operators and other contracted service providers (if applicable) are compliant with contract provisions, local policies, and federal and state guidance.
- Program design and service delivery are effective and driving achievement of goals.
- Adherence to equal opportunity and accessibility standards.
- Staff are following state and local policies and procedures.
- Data in participant case files is accurate, reliable, up-to-date, compliant, and protected.

**Working Papers, Reports, and Corrective Action Plans**

The local area’s working papers record the activities that occurred during monitoring and form the rationale for the monitoring report(s). These papers are a necessary part of the review process and serve to validate the information collection process.

Written monitoring reports must be developed and should include the review dates, areas reviewed and be structured in a way that clearly identifies all findings, concerns, and corrective actions, with a timeline for completion. For LWDBs with contracted service providers, a written report must be provided to each service provider. For LWDBs providing career services under a waiver, the written report must be provided to the LWDB Chair and Chief Elected Official.

Written corrective action plans must be submitted according to the timeframe specified in the monitoring report. LWDB’s are responsible for tracking and resolving all findings in a timely manner.

All documentation pertaining to monitoring and other oversight activities must be available for review by federal and state officials. Monitoring documentation must be retained by the local area for at least three (3) years as required by law. In instances where there is an ongoing audit, litigation, or claim, records must be kept until the issues are completed or resolved.

**State Level Process for Monitoring**

Virginia Works serves as the WIOA Title I administrative entity and is responsible for the oversight and monitoring of all workforce programs under the WIOA Title I and ensuring compliance with applicable federal laws and regulations, and state policies, and performance expectations. As such, Virginia Works will monitor each local workforce

area at least once per program year 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.

### **Monitoring Methods**

Monitoring reviews are conducted using multiple methods to ensure programmatic effectiveness, fiscal integrity, and legal compliance. The monitoring methods employed include the following:

- 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.
- The on-site review allows for the observing operations, customer flow, and service delivery, testing procedures, and collecting supporting documentation.
- 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.

### **Steps in the Monitoring Process**

- 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.
- 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.
- A combination of the monitoring methods identified above shall be employed for each review.

- Working papers used for monitoring shall be established during each review and maintained in electronic files at Virginia Works.
- 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.
- Within thirty (30) business days after the concluding 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. The Virginia Works Monitor will determine necessary and appropriate edits based on the responses 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 Virginia Works Monitor to the LWDB Executive Director and Chair, Chief Elected Official Chair, and Grant Recipient.
- 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.
- Virginia Works Monitors will acknowledge receipt of submitted corrective action plans and monitor corrective action implementation. Technical assistance will be provided, 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 Virginia Works leadership for review and determination of further direction or the imposition of sanctions.

### **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.

Written corrective action plans will be tracked to ensure timely resolution of all identified findings.

### **Records Retention**

All documentation pertaining to monitoring and other oversight activities are available for review by federal officials. Documentation of monitoring activities is retained by Virginia Works for at least three (3) years as required by law. In instances where there is an ongoing audit,

litigation, or claim, records will be kept until completion or resolution of the issues.

**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 file a written appeal to the Compliance Monitoring Manager detailing the reason(s) for objecting to the decision and documenting 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.

VA Works 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. VA Works 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.