

# Washington State

## Workforce Innovation and Opportunity Act Title I-B Policy

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**Policy Number:** 5414, Revision 1

**Policy Title:** WIOA Title I Monitoring

**Effective Date:** December 1, 2020

### 1. **Purpose:**

To establish monitoring standards for sub-recipients and pass-through entities of Workforce Innovation and Opportunity Act (WIOA) Title I funding.

The Monitoring Policy applies to all partners at all levels of participation in the WorkSource System funded by Title I of WIOA.

### 2. **Background:**

Section 184 of Public Law 113-128 requires each state to establish policies to ensure accountability with regard to the proper disbursement and use of WIOA Title I funds. Sub-recipients of WIOA Title I funds that are found to be in noncompliance with WIOA guidelines outlined in 20 CFR 683.200, as well as applicable state and agency policies, are subject to sanctions determined by the state.

Therefore, the Employment Security Department (ESD) is committed to fostering a continuous improvement culture through transparency, collaboration and partnership that supports the success and accountability of Local Workforce Development Boards (LWDBs), sub-recipients, workforce service providers and other ESD grantees and contractors in maintaining compliance with applicable WIOA law, rules, and guidance.

Monitoring is essential to ensure the integrity of the WIOA system and WIOA funds, to assess compliance with applicable laws and regulations and identify successful and positive methods and practices that serve to enhance the system as a whole.

To do so, ESD performs monitoring activities to:

1. Ensure programs achieve intended results;
2. Ensure resources are efficiently and effectively used for authorized purposes and are protected from waste, fraud, and abuse; and
3. Ensure reliable and timely information is captured and reported to serve as the basis to improve decision-making.

### 3. **Policy:**

ESD, on behalf of the Governor, is responsible for oversight of the programmatic and

financial activities of its grant sub-recipients to ensure proper stewardship of federal WIOA funding. ESD is committed to ensuring the success and accountability of LWBDs, sub-recipients, workforce service providers and other Agency grantees and contractors.

#### **a. Frequency of Monitoring Reviews**

ESD's Workforce Monitoring Unit will conduct on-site monitoring of each Workforce Development Area (WDA) on an annual basis in compliance with the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (known as the OMB Super Circular) as adopted by the U.S. Department of Labor (DOL). The State must certify this monitoring process to DOL every two years.

ESD's Workforce Monitoring Unit will work with the LWDBs to establish and distribute an annual schedule of state level monitoring at the beginning of each program year. The initial schedule, subject to modification, will list annual on-site review dates for each WDA. ESD's Workforce Monitoring Unit will not be limited to the initial schedule and may conduct unannounced or unscheduled reviews at its discretion.

#### **b. Scope of Monitoring Reviews**

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 to help identify potential weaknesses before such weaknesses result in substandard performance or questioned costs.

During each monitoring cycle, ESD's Workforce Monitoring Unit will monitor the WDAs WIOA Title I Program Year activities-to-date in two major subject areas:

- 1. Administrative and Financial Management.** This review area includes, but is not limited to, an evaluation of the LWDB and sub-committees, the WorkSource system, administrative and financial policies and practices, and sub-recipient monitoring and oversight according to applicable federal and state legislation, regulations, policies and guidance, and OMB Circulars and Uniform Guidance. ESD's Workforce Monitoring Unit will conduct this evaluation via document review and sample selection.
- 2. Workforce Development Programs.** This review area includes, but is not limited to, an evaluation of the WDAs programs and services to eligible participants pursuant to WIOA Title I requirements and related federal and state legislation, regulations, policies and guidance, and OMB Circulars and Uniform Guidance. ESD's Workforce Monitoring Unit staff will utilize random electronic sampling to examine Title I Adult, Dislocated Worker, and Youth participant files for proper maintenance and content, inclusion of pertinent forms and data, appropriate and adequate case notes to ensure continuity from time of application through completion of services, as well as verification that all relevant data has been entered into the case management system. On-site visits to various WorkSource offices within the region and interviews with regional management, staff, and clientele will be conducted to observe operations and gain insight into the WorkSource environment, processes and procedures, and overall customer service efforts and effects.

This review area will also include an examination of any additional ESD administered grants and programs active within the region during the monitoring period. ESD's Workforce Monitoring Unit, during its review, will correspond with applicable grant and program management staff to obtain progress and status updates for inclusion in the Final Monitoring Report, and with the ESD Diversity, Inclusion and Equal Opportunity Office regarding confidentiality requirements.

### **c. Access to Records**

It is a requirement that the sub-recipient or pass-through entity permit ESD's Workforce Monitoring Unit to have access to records, financial statements, facilities, and participants.

### **d. Additional Review / Technical Assistance**

In addition to the annual on-site review, some monitoring activities may be conducted remotely, by phone, through desk reviews of documents and reports, and by such other means as deemed necessary by ESD's Workforce Monitoring Unit. If an area of concern or practice is identified at any point, ESD's Workforce Monitoring Unit may offer or coordinate technical assistance as needed. Technical assistance may include additional on-site visits.

### **e. Monitoring Reports**

ESD's Workforce Monitoring Unit will issue the following documents summarizing the results of monitoring activities. The documents may include the observations, items to address, findings, and recommendations of the monitoring team and any responses from LWDBs, sub-recipients, workforce service providers and other Agency grantees and contractors.

1. **Daily Observation Reports.** Daily Observation Reports, including participant file checklists, are issued that summarize the review that occurred that day and identify any items to address, questioned costs, disallowed costs and potential findings.
2. **Management Letter.** A Management Letter is issued following each on-site monitoring visit describing the scope of the visit and whether or not items to address have been identified.
3. **Draft Monitoring Report.** A draft monitoring report includes a summary of the on-site visit including the scope of the review. It also identifies any findings, unresolved questioned costs, disallowed costs and noted practices. The draft monitoring report is issued to the LWDB Executive Director of the organization being monitored and sets forth a specified period in which to respond.
4. **Final Monitoring Report.** A Final Monitoring Report includes responses to the findings, unresolved questioned costs, disallowed costs and noted practices. The Final Monitoring Report is issued to the Executive Director of the organization being monitored. In the case of a LWDB, the Final Monitoring Report is copied to the Local Chief Elected Official.

## f. Local Level Monitoring

LWDBs, on behalf of the Local Chief Elected Official for the WDA, must conduct on-site monitoring of all service providers and sub-recipients at least annually or, for contracts lasting less than one year once during each contract term for financial and programmatic compliance. LWDBs must also ensure that the use, management, and investment of funds for workforce development activities is consistent with 2 CFR 200 and maximize performance outcomes under Section 116 of WIOA.

LWDBs must develop and implement local monitoring policies addressing their sub-recipient oversight and monitoring process and how they will be engaged in local monitoring and oversight activities, including resolution of any findings. LWDBs are required to issue a formal report of their monitoring activities. All policies, monitoring reports and corrective action plans must be made available upon request.

## 4. Definitions:

**COMPLIANCE REVIEW** - An annual examination to ensure the entity complies with applicable laws, regulations, contracts, grant agreement provisions, state policies, and local procedures related to WIOA, including 2 CFR part 200. This includes appropriate reviews of procurement, performance, and resolution of audit findings that involve the entity under review. At a minimum, the compliance review should target the following risk areas: expenditures; internal control structures; eligibility and participation requirements; service delivery to Youth, Adults, and Dislocated Workers; On-the-Job Training; support payments; non-discrimination; the protection of personally identifying information; and a review of the conflict of interest policy.

**CONFLICT OF INTEREST** - A circumstance in which a Board member, Board employee, workforce service provider, or workforce service provider's employee is in a decision-making position and has a direct or indirect interest, particularly a substantial financial interest that influences the individual's ability to perform job duties and fulfill responsibilities.

**CORRECTIVE ACTION** - 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 developed and imposed by the Agency (ESD) that requires a Board or Agency grantee to take Agency-identified actions within a specified time frame designed to correct specific instances of noncompliance or other failures.

**DAILY OBSERVATION REPORT** - Includes all observations from that day: noted practices, items to address, briefing of other items found throughout the day including any recommendations, allowable cost activity discussions throughout the day including any questioned costs or disallowed costs, items that were resolved on site, or no issues identified.

**DISALLOWED COSTS** - Identified in the Daily Observation Report , Management Letter, Draft Final Report and Final Monitoring Report. In addition, disallowed costs above \$25,000 are also identified as a Finding in the Monitoring Report. Disallowed Costs include any expenses of WIOA grant or contract funds that are determined to be unallowable, unallocable or unreasonable based upon federal or state law or regulations.

**FINDING(S)** - Finding(s) include: (a) any item or combination of items that results in Disallowed Costs above \$25,000; (b) 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 and state grants and contracts; or (c) any Item(s) to Address identified in a previous year's Management Letter that continue to be a compliance issue. Findings are included in the Management Letter, Draft Monitoring Report and Final Monitoring Report.

**ITEMS TO ADDRESS** - Items to Address include: (a) clear and direct areas of non-compliance with federal, state and local law and regulations, or (b) 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. Items to Address are identified in the Daily Observation Report and the Management Letter.

**LOCAL CHIEF ELECTED OFFICIAL** - The chief elected executive officer of a unit of general local government in a local workforce development area; and in a case in which a local area includes more than one unit of general local government, the individuals designated under the agreement described in WIOA section 107(c)(1)(B).

**LOCAL WORKFORCE DEVELOPMENT BOARD (LWDB)** - A local workforce development board established under WIOA Sec. 107, to set policy for the local workforce development system.

**MANAGEMENT LETTER** - Includes: no issues identified, Items to Address, Questioned Costs, Disallowed Costs, Findings, and timeframes to resolve Items to Address, Questioned Costs, Disallowed Costs and Findings. All items necessary to support resolution must be received and accepted no later than 30 business days from the date of exit interview to reflect a change in status in the Management Letter. The Management Letter will be emailed to the Executive Director/Chief Executive Officer no later than 45 business days from date of exit interview.

**NOTED PRACTICE** - Any approach to service delivery or process that is identified as being a unique or effective approach that offers increased services to customers or greater efficiency and effectiveness in service delivery or administration. These will be identified in the Daily Observation Report, Draft Monitoring Report, and Final Monitoring Report.

**PASS-THROUGH ENTITY** - A non-Federal entity that provides a sub-award to a sub-recipient to carry out part of a Federal program.

**QUESTIONED COSTS** - Costs questioned by the monitor as being unallowable, unallocable or unreasonable. Questioned costs are costs which (a) 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); (b) where the costs, at the time of the monitoring visit, are not supported by adequate documentation (unallocable); or (c) where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances (unreasonable). Questioned costs will be resolved in one of two ways: (a) Questioned Costs that are determined to have been allowable, allocable and reasonable are considered allowed; or (b) Questioned Costs that are determined to be unallowable, unallocable or unreasonable will be disallowed.

**SUB-RECIPIENT** - An entity that receives federal assistance passed through from a prime recipient or another subrecipients to carry out or administer a WIOA program. Distinguishing characteristics of a subrecipient include:

- Determining eligibility for assistance;
- Performance measured against meeting the objectives of the program;
- Responsibility for programmatic decision making;
- Responsibility for applicable program compliance requirements;
- Use of the funds passed through to carry out a program of the sub-entity as compared to providing goods or services for a program of the prime recipient.

**TECHNICAL ASSISTANCE** - To identify areas for improvement in the program and in recipient and sub-recipient operations during monitoring and compliance review visits. May include assistance in developing a performance improvement plan.

**5. References:**

[P.L. 113-128 Section 184; 20 CFR §683.200; 20 CFR §683.220; 20 CFR §683.400; 20 CFR §683.410; 20 CFR §683.420; §683.430; §683.440; 2 CFR §200](#)

**6. Supersedes:**

WIOA Title I Policy 5414

**7. Website:**

[Workforce Professionals Center](#)

**8. Action:**

Local Workforce Development Boards and their contractors, as well as Employment Security Regional Directors, must distribute this policy broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

**9. Attachments:**

ESD Monitoring Unit – Monitoring Tools - <https://wpc.wa.gov/monitoring/tools>

**Direct Policy Inquiries To:**

*Employment System Administration and Policy  
Employment System Policy and Integrity Division  
Employment Security Department  
P.O. Box 9046  
Olympia WA 98507-9046  
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