

## **Workforce Investment Act Title I-B**

### **Washington State Policies**

#### **SECTION C: General Administration**

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*Grantees, subrecipients, and contractors funded under the Workforce Investment Act (WIA) whether in whole or in part, shall abide by the Workforce Investment Act of 1998, the WIA Regulations, all applicable Office of Management and Budget (OMB) Circulars, state requirements in laws and rules (Revised Code of Washington and Washington Administrative Code), Office of Financial Management (OFM) policies and the Washington State WIA Policies.*

**EFFECTIVE DATE:** July 1, 2000  
**WIA POLICY NUMBER:** 3425  
**SUBJECT:** Monitoring and Oversight Requirements for Compliance Reviews

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#### **BACKGROUND**

[Workforce Investment Act, Section 184](#)  
[WIA Regulations, 20 CFR Part 652 et al, Section 667.410-Oversight Roles and Responsibilities](#)  
[OMB Circular A-133 Requirements](#)  
[Office of Financial Management, State Administrative & Accounting Manual](#)

This Policy has been written to include 29 CFR part 37 (nondiscrimination and equal opportunity requirements) and validation to the WIA final rules, August 11, 2000. We have also taken into consideration comments received from our partners. In addition, information about privacy protection (of data) has been added.

The Workforce Investment Act (WIA) emphasizes increased accountability from state and local entities managing the workforce investment system. Cooperation and coordination among the state and local government partners are essential for ensuring that oversight requirements in the Act and Regulations are met.

This policy includes the monitoring system requirements for Workforce Investment Act (WIA) oversight at state and local levels. The requirements outlined below are the basis for local monitoring efforts. Each local Workforce Development Council (WDC) should develop procedures for monitoring subrecipients' compliance with the Workforce Investment Act, Final Rules; federal regulations; and state policies.

The oversight roles for state sub-recipients and pass-through entities of WIA and other federal funds are described in the following documents.

- The Workforce Investment Act of 1998 (*Public Law 105-220*) (see *Sections 184 and 185*)

- *20 CFR Part 652*, et al, Workforce Investment Act: Final Rule. (See especially Sections 667.400. through 667.860.)
- Office of Management and Budget (OMB) Circular A-133 (See Section \_\_\_\_\_.400.)
- Office of Financial Management, State Administrative & Accounting Manual

Local entities need comprehensive monitoring plans and must continuously monitor all grant-supported activities in accordance with the uniform administrative requirements at 29 CFR parts 95 and 97, for all entities receiving WIA funds. The local monitoring will test compliance with the appropriate requirements for grants and agreements applicable for each type of entity receiving the funds.

### **Workforce Investment Act, Section 184**

In determining whether to impose any sanctions for violations by a subgrantee or contractor of the recipient, it shall first be determined if it has been adequately demonstrated that entities had:

1. Established and adhered to an appropriate system for the award and monitoring of grants and contracts with subgrantees and contractors that contains acceptable standards for ensuring accountability;
2. Entered into a written grant agreement or contract with the subgrantee or contractor that established clear goals and obligations in unambiguous terms;
3. Acted with due diligence to monitor the implementation of the grant agreement or contract, including the carrying out of the appropriate monitoring activities (including audits) at reasonable intervals; and
4. Taken prompt and appropriate corrective action upon becoming aware of any evidence of a violation of WIA, including Regulations, by such subgrantee or contractor.

### **WIA Regulations, 20 CFR Part 652, Section 667.410-Oversight Roles and Responsibilities**

Each recipient and subrecipient must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors in order to determine that expenditures have been made against the cost categories and within the cost limitations. Oversight and monitoring should determine whether or not there is compliance with other provisions of the Act and these regulations and other applicable laws and regulations. Subrecipients are to provide technical assistance as necessary and appropriate.

### **OMB Circular A-133 Requirements**

OMB Circular A-133 raises the threshold for audit requirements from \$25,000 to \$300,000 or more in federal awards expended per year. Because pass-through entities are held accountable for federal funds administered by their subrecipients, they need to review their overall subrecipient monitoring process and decide what additional monitoring procedures may be necessary to ensure subrecipient compliance. Pass-through entities of federal funds must design their subrecipient monitoring process to ensure that the monitoring focuses on examining risk areas to protect federal funds.

A-133 introduces the monitoring of risk areas including fiscal documentation and participant eligibility that should be applied to requirements in WIA and regulatory requirements.

Section\_\_400(d) are the pass-through entity responsibilities. These include monitoring of subrecipient activities to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are met.

## **Office of Financial Management, State Administrative & Accounting Manual**

Office of Financial Management, State Administrative & Accounting Manual, Section 50.30.55, states subrecipient monitoring is the processes and procedures undertaken by a pass-through entity as necessary to ensure that subrecipients are complying with applicable laws, regulations, contracts or grant agreements, provisions, and that performance goals are being achieved. Monitoring includes processes and procedures to verify that applicable audit requirements are satisfied and audit findings are reviewed for timely corrective action.

## **POLICY**

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Local entities need to have comprehensive monitoring plans and must continuously monitor all grant-supported activities in accordance with the uniform administrative requirements at 29 CFR parts 95 and 97, for all entities receiving WIA funds. The local monitoring will test compliance with the appropriate requirements for grants and agreements applicable for each type of entity receiving the funds.

## **Subrecipients' Pass-Through Entity Responsibilities**

Subrecipients must conduct regular oversight and monitoring of their WIA activities and those of their subrecipients and contractors in order to:

1. Determine that expenditures have been made against the cost categories and within the cost limitations specified in the Act and these regulations;
2. Determine whether or not there is compliance with other provisions of the Act and these regulations and other applicable laws and regulations; and
3. Provide technical assistance as necessary and appropriate.

At a minimum, the compliance review should target the following risk areas:

- Monitoring (review of monitoring of subrecipients).
- Compliance with WIA, federal regulations (including OMB Circulars A-87 and A-122), state policies and procedures. This includes appropriate reviews of procurement, performance, and resolution of audit findings including those of subrecipients in addition to other areas for review (Section 667.410(a) (1) and (2)).
- Expenditures: On-site reviews of financial records and the source documents, i.e., invoices, receipts, vouchers, cancelled checks, time sheets, etc.

- Eligibility: On-site reviews of programmatic records, i.e., participant files including paper and computer case management files, eligibility, supportive services documentation.
- For compliance with WIA eligibility requirements of services and support payments being received, ensure verification of attendance and satisfactory progress for participants who are enrolled in training. Program operators should verify training status with schools.

Monitoring also includes, but is not limited to:

- Reviewing reports submitted by subrecipients including MIS, financial and performance data.
- Reviews with the subrecipients of any exceptions, issues, or lack of internal controls found.
- Mutually agreed upon written plans for corrective action (if appropriate).
- Formal written reports of results of the reviews. Any findings or questioned costs should be addressed in the finding and determination resolution process.

### **Compliance Review System**

The state will conduct on-site monitoring reviews of local entities and selected subrecipients to determine compliance with WIA requirements. To carry out the State's oversight responsibilities in compliance with the Workforce Investment Act and Regulations, State Oversight staff (monitoring and audit resolution) shall have full access to and the right to examine and copy records that are pertinent to the awards of federal funds administered by the State.

Each local entity's regular monitoring of their own activities and the activities of their subrecipients and contractors must determine whether there is compliance with laws and regulations.

### **Local Policies and Procedures**

To comply with the Act and Regulations, the local entities must have policies and procedures for the oversight and monitoring of their subrecipients that:

- Communicate grant requirements to all their subrecipients.
- Monitor their subrecipients.
- Assess compliance with applicable laws, regulations, contract or grant agreement provisions, and if performance goals are being met.
- Address performance in WIA Regulations at 666.300 where it states that local areas are subject to core indicators in Section 666.100.
- Resolve issues of noncompliance or weakness in internal controls with their subrecipients when discovered during the course of routine monitoring or oversight.

- Process audit reports, including resolving findings, issues, and appropriate adjustments of accounts.

### **Structure of the Monitoring Review**

The local entity monitoring process will include, but is not limited to the following:

- **Monitoring Instrument** -The monitoring instrument is the form(s) used to organize the review. The form is designed to gain factual information about the administration of the grant and to enable the monitors to evaluate risk areas. Protection from disallowed costs is dependent on compliance with the law. Failure to monitor risk areas could result in weaknesses going undetected and in the loss of federal funds.
- **Working Papers** - Working papers are the written record made during the monitoring review and contain the record from the beginning of the review until the report is written. They are important as they document the steps taken in the review process. Working papers document the monitoring review. This includes the monitoring instrument, and detailed notations taken during a review. Well-structured working papers make it easier to transfer material written during the review to the monitoring report. Working papers should be neat, understandable, and restricted to the matters that are relevant. Writing should be kept simple with materials organized for supervisory review and audit.
- **Summaries** - Summaries provide objective overview and put findings into perspective and can tie together other related areas.
- **Report Preparation** - A clear and accurate formal report of the results of the monitoring review should be written to present the compliance picture to management and the organization providing the funds. The report should contain balancing statements to provide a complete assessment of the situation and an accurate statement of the conditions found compared to the requirements in law or regulations. For example, a monitoring report could note not only the conditions found during the monitoring review, but also those found by the auditor in the audit report.
- **Review of Audit Reports** - Monitoring includes a review of recent audit reports. The audit findings should be addressed with the subrecipient to verify that corrective action was taken. Communication with the auditor would assist the monitor in learning of any audit work underway that would be relevant to the compliance monitoring review.
- **Corrective Action Plans** - A corrective action plan is necessary to ensure that the processes and procedures are in place to make corrections to the system in a timely manner. Timely corrections of issues could prevent findings and/or disallowed costs during the next audit.
- **Resolution of Subrecipient Audit Finding** - All audits should be reviewed to determine that applicable audit requirements were satisfied. Audit findings identified should be resolved in a timely manner and any debt collected.

### **Non-discrimination and Equal Opportunity**

There should be periodic monitoring, to ensure compliance with the nondiscrimination and equal opportunity requirements of WIA Section 188 and 29 CFR part 37. Monitoring for compliance includes a determination as to whether each recipient is conducting its WIA Title I—financially

assisted program or activity in a nondiscriminatory way. "Recipients" as defined in 29 CFR 37.4 includes State and Local Workforce Investment Boards, One-Stop operators, service providers, vendors, and subrecipients, as well as other types of individuals and entities. (See WIA Final Rule, Section 667.275.)

## **Privacy Protections**

With the growth of computer databases, there is an increased awareness that personal privacy rights of citizens must be protected. For example, a taxpayer's sensitive tax information has never been subject to public scrutiny. Nor do citizens expect that other personal information (information that is readily identifiable to that specific individual) will be open for inspection or available to others.

The information age has created an urgent need for the custodians of data to exercise special care in safeguarding personal information by:

- Protecting the confidentiality of sensitive personal information.
- Protecting social security numbers and other sensitive personal identifiers.
- Prohibiting the sale of personal information.
- Limitation on collection and retention of personal information.
- Protection of personal information used by contractors.
- Prohibiting the release of lists of individuals for commercial purposes.
- Develop Internet privacy policies.

## **Continuous Improvements**

The Employment Security Department is strongly committed to a system-wide continuous improvement approach. Our goal is to improve the quality, efficiency, and effectiveness of the service we provide; and this will be done in coordination with our partners.

By capturing information up front from the local WDCs, we plan to create an electronic database of our subrecipients. Through the use of technology, more time will be available for testing risk areas. Local entities are encouraged to transmit electronically, when possible, copies of the following documents:

- A copy of their monitoring plan.
- A copy of the monitoring instrument used to review the operation of their subrecipients.
- A copy of any monitoring policies for the local area.
- A copy of the monitoring report upon completion of each subrecipient's review.
- A copy of any corrective action plans written by the WDCs as a result of oversight or monitoring reviews, auditor findings, or other issue(s) or disallowed costs involving the expenditure of WIA or other federal funds.

The data will be used to streamline the on-site monitoring process and allow monitors to spend their time more efficiently. The electronic format will provide easy access to the critical information about the activities of federally funded employment and training efforts in a more timely manner.

## **DEFINITIONS**

None.

## REFERENCES

- Public Law 105-220, Workforce Investment Act 1998
- Department of Labor, Employment and Training Administration, 20 CFR 652 et al. Workforce Investment Act; Final Rule
- 29 CFR Part 37, Implementation of the Nondiscrimination and Equal Opportunity Provisions of the Workforce Investment Act of 1998; Final Rule
- 29 CFR Part 95 Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non Profit Organizations et cetera
- 29 CFR Part 97 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- Single Audit Act Amendments of 1996, July 5, 1996 (Public Law 104-156)
- OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations (June 30, 1997)
- OMB Circular A-133 Compliance Supplement (see OMB Circular A-133 (§\_\_\_\_.500(d)(3))
- OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments
- OMB Circular A-122, Cost Principles for Non-Profit Organizations
- Office of Financial Management, State Administrative & Accounting Manual
- Washington State, Executive Order 97-02, Regulatory Improvement
- Washington State, Executive Order 97-03, Quality Improvement
- Washington State, Executive Order 99-02, Workforce Development
- Washington State, Executive Order 00-03, Public Records Privacy Protections

## SUPERSEDES

None. This communication is new.

## WEBSITE

<http://www.wa.gov/esd/policies/title1b.htm>

### Policy Related Websites

<http://usworkforce.org/wialaw.txt>

[http://www.dol.gov/dol/allcfr/Title\\_29/Part\\_95/toc.htm](http://www.dol.gov/dol/allcfr/Title_29/Part_95/toc.htm)

[http://www.dol.gov/dol/allcfr/Title\\_29/Part\\_97/toc.htm](http://www.dol.gov/dol/allcfr/Title_29/Part_97/toc.htm)

[http://www.whitehouse.gov/omb/circulars/a133\\_compliance/99toc.html](http://www.whitehouse.gov/omb/circulars/a133_compliance/99toc.html)

<http://www.1800net.com/nprc/>(non profit resource center--OMB Circulars, i.e., A-87,A-122, A-133)

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