



Subject: Programmatic and Fiscal Monitoring Policy

Policy No: 2015-56

Effective Date: 05/30/17

Revised: 04/30/19, 3/2/21

Purpose:

This policy describes the Benton-Franklin Workforce Development Council (BFWDC) monitoring standards for subrecipients and pass-through entities of Workforce Innovation and Opportunity Act (WIOA) Title I and discretionary funding.

This Monitoring Policy applies to all partners at all levels of participation in the Workforce Development system.

Background:

The BFWDC is committed to fostering a continuous improvement culture through transparency, collaboration, and partnership that supports the success and accountability of subrecipients in maintaining compliance with applicable WIOA law, rules, and guidance.

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

The BFWDC performs monitoring activities to:

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

Operational Procedure

The BFWDC is responsible for overseeing the programmatic and financial activities of subrecipients to ensure proper stewardship of federal WIOA and discretionary funding. The BFWDC is committed to ensuring the success and accountability of subrecipients.

The BFWDC is responsible for a comprehensive monitoring plan and will periodically or continuously monitor all contract-supported activities in accordance with WIOA, federal, state, and local laws, or other contract authorities.

A. Frequency of Monitoring Reviews

BFWDC monitors shall conduct on-site monitoring of all service providers and subrecipients at least annually or for contracts lasting less than one year once during each contract term for financial and programmatic compliance.

B. Scope of Monitoring Reviews

Monitoring activities encompass both programmatic and financial monitoring. Monitoring activities may include on-site visits, off-site desk-level reviews, and analyses of financial and program outcomes to identify potential weaknesses before such weaknesses result in substandard performance or questioned costs.

Financial Monitoring. This review includes but is not limited to subrecipient fiscal policies and practices, monitoring and oversight according to applicable federal and state legislation, regulations, policies and guidance, and the Office of Management and Budget (OMB) Circulars and Uniform Guidance, and discretionary Awards. BFWDC fiscal monitors will conduct this evaluation via document review and sample selection.

Programmatic Monitoring. The BFWDC programmatic monitoring process is an ongoing, proactive, technical assistance-focused format referred to as Continuous Quality Improvement (CQI). As a best practice, the BFWDC program monitors conduct quarterly monitoring reviews of randomly selected participant files to examine all activities utilizing the state's monitoring tools.

The programmatic monitoring review includes, but is not limited to, an evaluation of the programs and services provided to eligible participants pursuant to WIOA Title I requirements, related federal and state legislation, regulations, policies, and guidance. The BFWDC program monitors utilize random electronic sampling to examine Title I Youth, Adult, Dislocated Worker, and other discretionary program participant files for proper maintenance and content, inclusion of pertinent forms and data, appropriate and adequate case notes to ensure continuity from the time of application through completion of services, as well as verification that all relevant data has been entered into the Management Information System (MIS).

C. Access to Records

The subrecipient or pass-through entity shall permit the BFWDC monitors to have access to records, financial statements, facilities, and participants.

D. Additional Review/Technical Assistance

In addition to annual and/or quarterly on-site reviews, some monitoring activities may be conducted remotely, by phone, through desk reviews of documents and reports, and any other means deemed necessary by BFWDC monitors. If an area of concern or practice is identified at any point, the BFWDC monitors may offer or coordinate technical assistance as needed. Technical assistance may include additional reviews or on-site visits. Subrecipient may request technical assistance from the BFWDC monitors at any time.

E. Monitoring Reports

The BFWDC monitors will issue the following documents summarizing the results of monitoring activities. The documents may include observations, items to address, findings, and recommendations of the BFWDC monitors and responses from subrecipients.

Fiscal Reports – An Observation Memo is created for each subrecipient, which identifies issues, observations, and questioned costs. The memo is issued to the subrecipient being monitored and sets forth 30 calendar days to respond to the issues identified. If no responses are received within the specified timeframe, the Final Fiscal Monitoring Report is issued to summarize the scope of the review, areas of concern, identified findings, the outcome of questioned costs, and best practices.

Programmatic Reports - A CQI worksheet is created for each subrecipient, which identifies observations, areas of concern, findings and unresolved questioned costs. This strategy was implemented to provide subrecipients with immediate feedback about their processes and allows BFWDC program monitors to work with subrecipient staff to deliver technical assistance as needed.

All quarterly monitoring reviews are combined and incorporated into an Annual CQI worksheet. This worksheet is issued to the subrecipient being monitored and sets forth 30 calendar days to respond to the issues identified. If no responses are received within the specified timeframe, the Final Program and Fiscal Monitoring Reports are issued to summarize the scope of the review, areas of concern, identified findings, the outcome of questioned costs, and best practices. A flow chart has been developed outlining our Fiscal Annual Monitoring Process (see Attachment A) and our Annual Program Monitoring Process (see Attachment B).

F. Definitions

- **Area of Concern** - Conditions, that if uncorrected, could result in a potential future violation of law; regulation; contract agreement; contract or cooperative agreement; federal guidance; state/local policy or subrecipient policies. Internal control weaknesses and/or questionable operational/ business practices that pose a risk to programs, service delivery, assets, or impact customer service quality.
- **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 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; and the protection of personally-identifying information.

- **Conflict of Interest** - A circumstance in which a 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 subrecipient that corrects identified deficiencies, produces recommended improvements or demonstrates that findings and or areas of concern are either invalid or do not warrant subrecipient action.
- **Corrective Action Plan** - A plan developed and imposed by the BFWDC that requires a subrecipient to take agency-identified actions within a specified time frame designed to correct specific instances of noncompliance or other failures.
- **Disallowed Cost** - Disallowed Costs include any expenses of WIOA or discretionary contract funds that are determined to be unallowable or unreasonable based upon federal, state law, regulations, policies, or other contract authorities.
- **Findings** - Finding(s) include:
 - (a) any item or combination of items that result in Disallowed Costs;
 - (b) any item, combination of items, or process that poses a significant risk to the organization's control systems and ability to meet the requirements of federal and state grants and contracts; and
- **Noted Practice** – Any approach to service delivery or a 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 and administration.
- **Questioned Costs** - Costs questioned by the monitors as being unallowable, unallocable, or unreasonable. Questioned costs result:
 - (a) 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) when the costs, at the time of the monitoring visit, are not supported by adequate documentation (unallowable); or
 - (c) when 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:
 - ✓ Questioned Costs that are determined to have been allowable, allocable, and reasonable are considered allowed; or
 - ✓ Questioned Costs that are determined to be unallowable, unallocable, or unreasonable will be disallowed.
- **Subrecipient** - An entity that receives federal assistance passed through from the BFWDC to carry out or administer a WIOA or discretionary 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.

- **Technical Assistance** - To identify areas for improvement in the program and subrecipient operations during monitoring and compliance reviews. May include assistance in developing a performance improvement plan.

G. 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

Benton-Franklin Workforce Development Council is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Washington Relay Service: 711



Attachment A - Annual Fiscal Monitoring Process

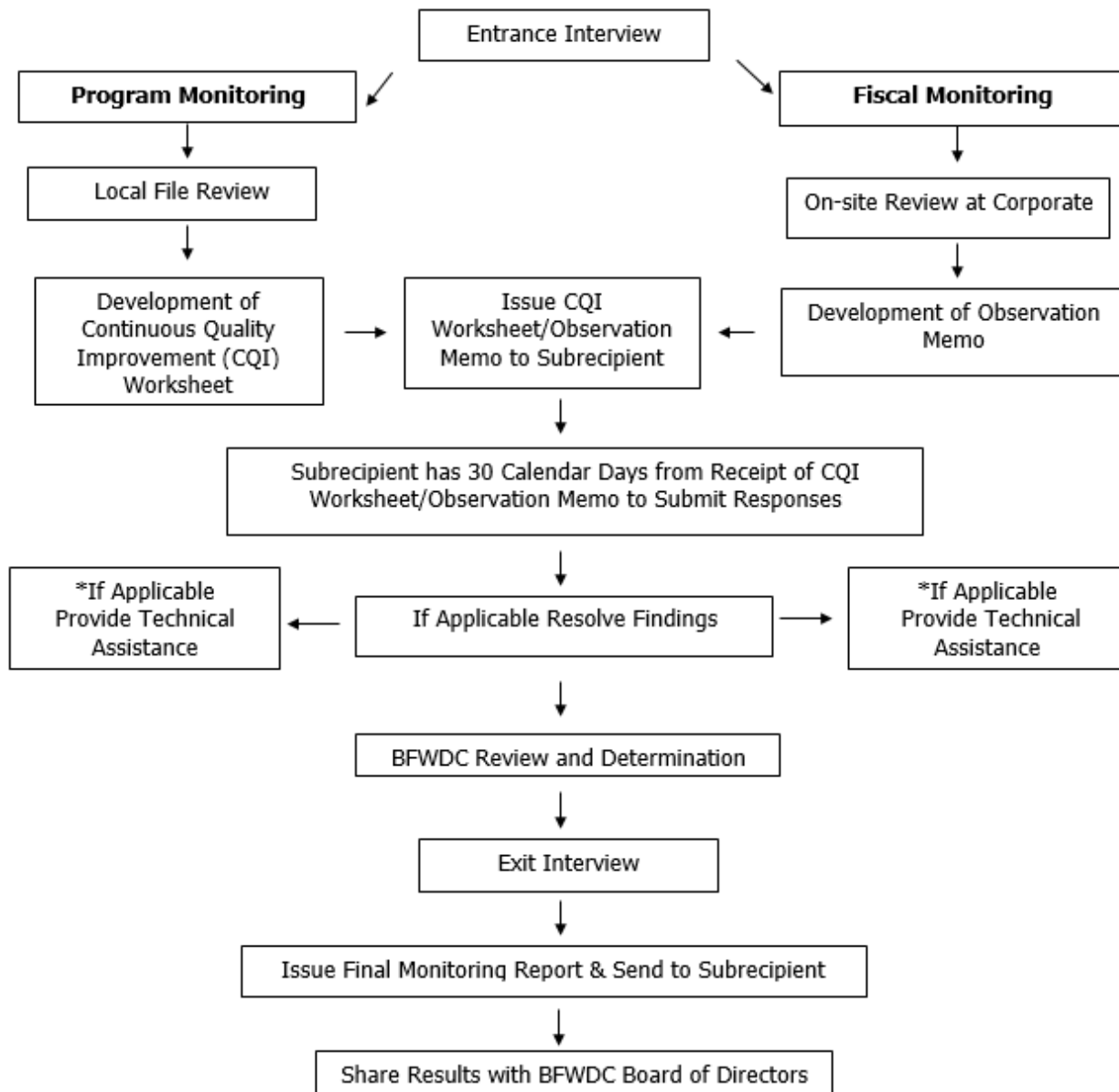
Objectives:

- 1) Review the existence and adequacy of internal controls and the reliability of the subrecipient's financial management systems as they relate to current contacts with BFWDC, ensuring the subrecipient meets their fiscal requirements.
- 2) Ensure that amounts reported as expenses as part of requests for the subrecipient's contractual requests for reimbursement are reasonable, accurate, allowable, properly allocated, and supported by appropriate documentation.

Procedure:

- 1) Request the following information from the subrecipient prior to the on-site monitoring visit:
 - Responses to BFWDC Fiscal Monitoring Tool questionnaire.
 - Copy of the following documents, in their most recently prepared and/or approved form:
 - Annual Audit
 - Chart of Accounts
 - Cost Allocation Plan
 - Check Register
 - Payroll Register
 - Distribution Code List
 - Employee Handbook
 - Financial Management Policies and Procedures
 - Detailed General Ledger for each program
 - Financial Statements for the last month of the review period
 - Detailed General Ledger (GL) transaction report showing the type and amount of program expenses for which funds from BFWDC have been received by subrecipient during the review period. These expense records should be separated by program, and within each program, there should be separate worksheets for payroll expenses, overhead expenses, and participant expenses (or similar divisions related to the program's budget). The records in these worksheets should at least be sorted by:
 - Effective date (in ascending order); and,
 - GL code(s) associated with each expense
- 2) Based on this GL report, certain transaction records will be requested ahead of time for review on site. If needed, other records may also be requested during the on-site review.
- 3) During the on-site visit, meeting(s) may also be requested with primary fiscal staff and others, as appropriate, to review, discuss and obtain additional information relating to the above fiscal monitoring objectives, discuss the monitoring process, and identify and review selected transaction records and/or other documents.

Attachment B - Subrecipient Annual Monitoring Process



UPDATED 2/26/21