

## **LOCAL AREA WORKFORCE DEVELOPMENT BOARD**

### **REMOTE AND/OR ONSITE MONITORING AND FREQUENCY GUIDE**

The Workforce Innovation and Opportunity Act (WIOA) promotes service integration and coordination of services among and between required and additional partner programs. The State Workforce Agency, NC Department of Commerce - Division of Workforce Solutions (DWS), acts on behalf of the Governor to administer and oversee the implementation of WIOA. As such, DWS is responsible for both fiscal and programmatic oversight of WIOA Title I, Subtitles A and B, and Title III programs.

Monitoring examines compliance with regulations, policies, and guidance and affords reviewers an opportunity to learn about innovative approaches and best practices being used to achieve strategic priorities. It involves partnership across program delivery levels and agencies and benefits from established relationships based on trust and understanding which support early identification and resolution of issues.

In conclusion, information gathered during monitoring informs continuous improvement of operations and quality of service, promotes effective service delivery approaches, addresses system deficiencies, and, ultimately, results in customer satisfaction and attainment of performance obligations.

#### **Auditing vs. Monitoring**

2 CFR § 200.501 requires that any non-federal entity that expends \$1,000,000 or more of Federal funds during a fiscal year must have a single or program-specific audit conducted for that year. Audits follow precise procedures and occur after the end of a fiscal period and often after the grant closeout. Audit reports should be submitted to the financial monitor no later than nine months after the period being audited.

Unlike audits, monitoring is current and preventative and focuses on a review of activities and transactions occurring during the period of performance. One intent of monitoring is to identify issues and address them immediately. With effective and timely resolution, issues identified through monitoring can be addressed before they become audit findings. Program monitoring does not require following the exact procedure every time it is conducted. Monitoring targets may change from year to year allowing reviewers to focus on specific issues or trends identified during desk reviews or risk assessments.

#### **Programs Subject to Monitoring**

All federally funded workforce programs are subject to monitoring. Federal law requires states to monitor programs for compliance and quality.

This Commission Policy Statement (CPS) provides specific guidance for monitoring of the following:

- WIOA Title I, Subtitle B – Local Board Governance
- WIOA Title I, Subtitle B – Adult Program

WIOA Title I, Subtitle B – Dislocated Worker Program  
WIOA Title I, Subtitle B – Youth Program

**On Site or Virtual Monitoring**

Monitors will conduct two kinds of monitoring reviews of each Local Area Workforce Development Board (WDB) annually which includes a fiscal review and a programmatic review. The purpose of these reviews is to identify the strengths and weaknesses of WDB implementation of the WIOA. The main mechanisms by which monitors will collect information include data sampling and validation; case file reviews; formal requests for information and documentation; and invoice testing. Other mechanisms by which to gather information may be utilized by the monitors.

**Scope**

The DWS will monitor the WDB's WIOA Program Year activities-to-date in three major subject areas (Review Areas):

1. Administrative and Financial Management. This review area includes, but is not limited to, an evaluation of the WDB and subcommittees, the NCWorks system, administrative and financial policies and practices, and subrecipient monitoring and oversight according to applicable federal and state legislation, regulations, policies, and guidance, and OMB Circulars and Uniform Guidance. The DWS staff may 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 WDB's programs and services to eligible participants pursuant to WIOA requirements and related federal and state legislation, regulations, policies, guidance, OMB Circulars, and Uniform Guidance. The DWS staff may utilize random electronic sampling to examine 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.
3. Performance. This review area includes, but is not limited to, an examination regarding how the WDB has performed against applicable performance requirements.

**Monitoring Tools (Questionnaires and Checklists)**

Questionnaires are used to elicit information from WDB staff. The questions focus on specific program elements and may include citations of regulations and guidance pertaining to the program element being reviewed. The monitors will also use, but are not limited to, the Oversight Guide, Participant Checklist, Local Area Document Request List, and other working papers as deemed necessary.

## **Documenting Findings, Observations, and Technical Assistance**

A finding is any violation of law, regulation, formal guidance, award agreement condition, or policy and requires immediate corrective action, including the WIOA and ensuing appropriations bills;

- Programmatic, administrative, and financial regulations identified in
  - The WIOA Final Rule 20 CFR §§ 651 through 688; and
  - The Uniform Guidance 2 CFR § 200 and 2 CFR § 2900; and
- Violation of any formal guidance issued by the United States Department of Labor (USDOL), including:
  - TEGs -Training and Employment Guidance Letters;
  - TENs -Training Employment Notices;
  - The USDOL Core Monitoring Guide;
- Violation of any stipulation in the award agreement between the DWS and Local Areas;
- Violation of any stipulation in the award agreement between Local Areas and subrecipient;
- Violation of any State WIOA policy (*issued by either the NCWorks Commission or DWS on behalf of the Governor*);
- Violation of any WDB policy issued for the local area; and
- Applicable subrecipient policies.

When a Finding is identified, the DWS report must cite the specific law, regulation, contract condition, guidance letter, or policy being violated and must identify the specific action required to resolve the finding. Monitoring reports that identify findings require a formal response explaining the required actions that will be taken and the date by which the finding will be resolved.

An Observation is a potential violation of law, regulation, guidance, or policy and can result from questionable business practices such as unawareness of, or failure to abide by, established internal fiscal controls or procedures. An observation does not require a formal response; however, when identifying an observation, the monitor must fully explain the concern and provide suggested action steps or offer technical assistance that will permit the grantee to adequately address the concern.

Technical Assistance comments are used to identify areas needing improvement in administrative or management practices unrelated to compliance, but if corrected, could improve efficiency or effectiveness. Technical Assistance comments are not findings and the WDB is not required to provide any response to technical assistance comments.

## **Exit Conference**

An Exit Conference occurs after the monitoring review is completed. During the exit conference, monitors summarize what they have ascertained from the monitoring exercise. Innovations and best practices are noted, and information is shared about issues that may result in formal findings and/or observations. As further review, analysis, and discussion with staff and management may be necessary, it will not be possible to convey every finding and observation during the exit conference; as such, the Exit Conference is considered preliminary. Issues that are addressed during the exit conference should not be taken as an all-inclusive list: however, the monitors will make an effort to ensure all major findings are brought to the attention of management prior to the issuance of the report.

The DWS will be adapting the process that USDOL uses for the DWS oversight visits. The monitors will present possible findings and or observations and will not respond to any significant questions during the Exit Conference. There will be a preliminary response period after the Exit Conference for the local area to engage the monitors regarding any issues identified during the exit conference. The preliminary response period is the opportunity for the local area to ask questions and to produce additional information or documentation that might clear up a possible finding or observation.

The local area is strongly encouraged to take advantage of the preliminary response period by sending an email to the monitors after the Exit Conference. A meeting will be arranged with the Accountability Manager and the monitors to address questions or issues that cannot be clarified via email.

## **Monitoring Report**

After the Exit Conference DWS will issue a monitoring report and send it along with a cover letter, to the Chief Local Elected Official. Copies of reports will be distributed to the Fiscal Agent's Director, the WDB Director, and the WDB Chair. It is important to note that the preliminary response period after the Exit Conference can extend the timeframe for the issuing of the monitoring report.

## **Local Area Response/Corrective Action Plans (CAP)**

In response to a finding, the subrecipient must provide DWS with a CAP within 30 days and provide sufficient documentation to resolve the finding. If a WDB needs more time to draft a response, the WDB Director must send an extension request to the monitor as soon as possible, explaining the reason for the requested extension and the anticipated revised response date. Extension requests will be reviewed on a case-by-case basis.

When resolving questioned costs, a cost that is questioned by an auditor, Federal Project Officer, Grant Officer, or other authorized Awarding agency representative because of an audit or monitoring finding, it is important to take prompt action. If the costs were lacking supporting documentation, the issue can be resolved if the appropriate documents are provided. If that is not

possible, or if the costs were incurred in violation of requirements, cost principles, or grant terms, then another funding source must be substituted, and any costs paid must be returned to the DWS.

The monitor will review all corrective action plans submitted and evaluate the content of the plan to determine if it is sufficient to reasonably result in a resolution of the finding. If the CAP or documentation is unacceptable or insufficient, DWS must explain why and identify what additional actions are needed for a resolution. A written statement will be issued within ten (10) working days acknowledging receipt, approving a plan to resolve findings, or requiring additional action. The local area may request a meeting to discuss any corrective action plan that is not accepted for resolution.

### **Frequency and Time Schedule**

Reviews are conducted on a quarterly basis while monitoring onsite visits are conducted at least once annually. The possibility of altered frequency is at the discretion of the DWS. The following is the program review schedule:

#### **Review**

#### **Frequency**

*Desk Reviews*

*Quarterly*

*WIOA Adult*

*Annually*

*WIOA Dislocated Worker*

*Annually*

*WIOA Youth*

*Annually*

The following is the fiscal review schedule:

#### **Review**

#### **Frequency**

*Desk Reviews – Financial Reports*

*Quarterly*

*Financial Management/Cost Allocation*

*Annually*

*Subrecipient Monitoring*

*Annually*

*Procurement*

*Annually*

*Property Management*

*Biennially*

It is important to note that in the event the Program and Fiscal monitoring are conducted separately, there is ongoing communication between the Program and Fiscal Monitors regarding the WDB status and results of monitoring reviews.

The following outlines the schedule for various phases in the monitoring process:

<b><u>Notification:</u></b>	Notification of the impending monitoring onsite review, activities and material request will be sent (10 days prior, whenever possible).
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<b><u>Monitor Report:</u></b>	An Oversight Summary Report/Monitor Report will be issued upon the completion of the Exit Conference.
<b><u>Local Area Response / CAP:</u></b>	Submission of a Corrective Action Plan will be required within 30 days of receiving a Monitoring Report. This plan must be submitted in writing from the Subrecipient or named entity to the DWS.
<b><u>Initial Determination Letter:</u></b>	The DWS will issue an initial determination for findings with questioned costs. The WDB has 30 days to respond and provide supporting documentation.
<b><u>Final Determination Letter:</u></b>	The DWS will issue a final determination within 30 days after reviewing the local area responses and supporting documentation.
<b><u>Appeals:</u></b>	The Subrecipient has 30 days to file an appeal of a final decision.

### **Technical Assistance**

The DWS staff is committed to providing Technical Assistance (TA) to WIOA programs at the local level. The goals of TA include helping WDBs achieve positive performance outcomes, maintain data integrity, and help identify potential fiscal and programmatic system vulnerabilities. TA is ongoing and can be provided remotely or onsite. More in-depth TA is available upon request and can include video conferences, training on a variety of platforms, and onsite visits.

The DWS will provide at least one TA training yearly during the first quarter of the program year. This training will discuss common findings and observations from the previous program year.

### **Dispute Resolution**

A monitoring or audit report containing expenditures recommended for disallowance, questioned expenditures, or significant administrative findings will initiate a resolution process. An initial determination letter will be sent to the WDB Director. The subrecipient will have 30 days to respond and provide additional documentation or explanation. The burden of proof in providing sufficient information or documentation to explain costs recommended for disallowance or questioned costs rests with the subrecipient.

Upon receipt of the local area response, the DWS will review the response and all supporting documentation. If all or part of the initial determination is upheld, the DWS will issue a final determination within 30 days. The resolution process will be completed when all questioned costs have been allowed, all administrative findings resolved, or when a final debt is created.

If a subrecipient chooses to dispute the decision rendered in the final determination, federal regulations allow the subrecipient to request a hearing to contest the DWS determination. The hearing is held before a hearing officer designated by the North Carolina Department of

Commerce. A written request for a hearing must be sent to the DWS within thirty (30) days of the date of the final determination letter.

### **Local Area Monitoring**

The subrecipients of the DWS have the same responsibilities for oversight and administration of their subrecipients. Subrecipients must monitor all service providers and subrecipients on-site, at least annually, or once during each contract term (for contracts lasting less than one year), for financial and programmatic compliance. The subrecipient must ensure that the use, management, and investment of funds for workforce development activities maximize performance outcomes under WIOA Section 116. Each WDB must develop and implement a Local Monitoring Policy addressing their subrecipient oversight and monitoring process and how the WDB will be engaged in local monitoring and oversight activities.