



## MONITORING POLICY POLICY #: 2003 Revision 2

Date of Original Policy: 02/17/2009

Effective Revision Date: 03/20/2019

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### **PURPOSE:**

To establish monitoring standards for subrecipients of all funding streams provided by Workforce Southwest Washington (WSW).

### **BACKGROUND:**

Federal and State funding administered by WSW requires a monitoring system that provides regular oversight of each subrecipient and their funded activities. Monitoring must assure compliance with applicable requirements and that performance expectations are being achieved. Regulations also require WSW to continuously monitor grant-supported activities in accordance with uniform administrative requirements, the grant requirements and [OMB 2 CFR Part 200](#).

### **POLICY:**

WSW is responsible for oversight of the programmatic and financial activities of its subrecipients to ensure proper stewardship of grant funding. WSW fulfills this statutory responsibility described in [WIOA Section 183](#) and [OMB 2 CFR Part 200](#) as outlined below:

- 1) WSW will conduct monitoring of each subrecipient on an annual basis for all Title I funded contracts. Subrecipients contracted through other funding sources will be monitored in accordance with the funding requirements.
- 2) WSW establishes and adheres to appropriate systems for award of all contracts per WSW #1003 Procurement Policy. All subrecipients and contractors are expected to follow this policy and WSW will verify compliance during monitoring.
- 3) WSW enters into contracts with subrecipients that establish clear performance goals and financial obligations in unambiguous terms. These programmatic and financial terms will be monitored to ensure accountability.
- 4) WSW will evaluate subrecipient risk of non-compliance with Federal statutes, regulations, and the terms and conditions incorporated in the contract. Determining risk factors could include, but not limited to:
  - a. Prior experience with similar contracts.
  - b. The results of previous audits and/or monitoring and the extent to which the same or similar contract has been reviewed.
  - c. New personnel and/or new or substantially changed systems.
  - d. Budget amount in relation to the grant budget.

- 5) WSW takes prompt and appropriate corrective action upon becoming aware of any evidence of violation of federal or state associated regulations, state provisions, WSW policy, or subrecipient agreement.
- 6) WSW will provide technical assistance as necessary to meet federal, state standards or to meet contractual obligations.
- 7) Based on the risk assessment, WSW may or may not perform an on-site review.
- 8) WSW staff with expertise in each of the compliance areas will conduct the review.
- 9) It is a requirement that the subrecipient permit WSW to have access to records, financial statements, facilities, staff and participants.

**PROCEDURES:**

WSW will conduct, in most cases, program and fiscal monitoring simultaneously. Monitoring activities will help identify potential weaknesses before such weaknesses result in substandard performance or questioned costs. The specific monitoring tasks and related procedures conducted by WSW to fulfill its responsibilities include but are not limited to the following:

- Submission of an annual Monitoring Plan as required by grantors.
- Review of previous subrecipient monitoring reports.
- A thorough review of invoices and supporting documents submitted by the subrecipient to assure that expenditures are appropriately charged against cost categories and within cost limitations, including proper indirect and management fee charges, where applicable.
- A thorough review of a selected sampling of financial records and source documents, i.e., invoices, receipts, vouchers, cancelled checks, time sheets, etc.
- WSW generates its own required invoice for each subrecipient, which serves as an ongoing monitoring tool. Program managers review for planned versus actual spending and to ensure budgeted line items are charged appropriately.
- Review of compliance with WIOA (or other funding source terms and conditions), federal regulations including OMB Super Circular 2CFR200, state and local policies, and the local strategic plan.
- A review of internal controls, including but not limited to cash management, proper documentation, separation of duties, methods of determining allowability of direct and indirect costs, providing participant supportive services, or personnel management.
- A review of property inventory in accordance with WSW #2001 Property Management.

- A review of Equal Opportunity and grievance procedures. Review could include but not limited to, signed participant notification, walk through of facility, staff and participant interview, or medical information storage.
- A thorough review of participant records, i.e., electronic participant files including eligibility, training, and supportive services documentation. Staff will review for completeness, accuracy, and internal consistency of documentation.
- Review of participant services and support payments provided. Ensure appropriate documentation is available in participant file to determine eligibility and allowability according to contract, regulations, or policy.
- If applicable, a review of previous year's findings or issues to ensure corrective action was taken.
- Review of performance outcomes and contract deliverables. Review includes planned versus actual performance and equity in service delivery.
- Performance is monitored on a quarterly basis through reports submitted by subrecipients and reports available through the case management system.
- Review with the subrecipient at time of monitoring, any exceptions, issues, or lack of internal controls found during review.

## Report

Upon completion of the monitoring, WSW will issue an Initial Report outlining any exceptions, issues, concerns, observations or unanswered questions. The subrecipient will: answer questions, provide feedback, correct exceptions, issues, or concerns within the allotted time provided. A Final Monitoring Report will be issued with any unresolved exceptions, issues, concerns, or unanswered questions. If after the final response from the subrecipient there are still unresolved exceptions, issues, or concerns, a resolution plan will be implemented to ensure compliance and follow through. The resolution plan could include but not limited to corrective action plan, improvement plan, additional time for corrections, or technical assistance from WSW.

## Timeline

1. WSW conducts a risk assessment - 30-60 days prior to monitoring date
2. WSW determines level of monitoring - 30-60 days prior to monitoring date
3. Monitoring scheduled – the annual calendar is published for all monitoring no later than July 1 for the program year.
4. Program and Fiscal data is gathered – 7-14 working days prior to monitoring date
5. WSW review – on date published in calendar
6. WSW will follow up with questions/concerns – 7-14 working days prior to monitoring date and immediately following monitoring date.
7. Initial Report issued - within 10 working days of monitoring date
8. Subrecipient initial response and resolution time - within 15 working days of Initial Report issued

9. Final Report issued - within 5 working days of subrecipient initial response. If no subrecipient response is warranted and/or no unresolved issues remain, a final report may be issued anytime within 30 working days after the monitoring date.
10. Subrecipient final response and resolution time - within 30 working days of Final Report issued
11. WSW review and determination of response within 15 working days of final response. Steps #10 and #11 may be repeated if necessary to resolve issues identified.
12. Corrective Action Plan issued, if applicable to resolve exceptions, issues, or concerns.
13. Monitoring closed – upon all exceptions, issues, concerns, or questions resolved.

## **DEFINITIONS:**

Subrecipient – WSW defines subrecipient in accordance with OMB 2CFR 200.330, which identifies a subrecipient as an entity receiving a portion of a Federal award that creates a Federal assistance relationship and is responsible for listed tasks and determinations within the provision of services to the public.

Contract – WSW defines a contract in accordance with OMB 2 CFR 200.22, which states, in part, that “Contract means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award.”

Management Information System (MIS) – An Internet based Case Management System is the primary system used to document services in accordance with state and/or WSW policy and procedures.

Providers are also responsible to maintain a fiscal management system that will support the federal and program requirements. General ledger and payroll systems must have the ability to segregate program costs and document time and effort adequately, within a system of proper internal controls.

Levels of Risk – All subrecipients of WSW are measured against the current risk assessment tool prior to first contract and at each monitoring checkpoint. According to score, risk levels can be, “high”, “medium” or “low”. These results will influence WSW’s ability to initiate a contract, decide on a monitoring level and determine monitoring sample sizes.

Levels of monitoring – Based on current risk assessment tools the location and sampling patterns of formal monitoring procedures may differ.

Corrective Action Plan – a plan written by WSW Program Manager to subrecipient when a subrecipient is behind in spending, below targets for performance, there are continuous data entry and/or program eligibility errors, disallowed costs, lack of adequate internal control processes, or other issues identified by WSW. Plan will outline corrective action and steps taken by subrecipient to be in compliance. Failed corrective action could result in loss of contract and/or funding. WSW can issue corrective action at any time during the contract period.

**REFERENCES/RESOURCES:**

- [Workforce Innovation and Opportunity Act](#)
- [Office of Management and Budget Super Circular 2 CFR Part 200](#)
- [State Policy No. 5414](#)

**WEBSITE:**

<http://workforcesw.org/providers#OperationsPolicies>

**INQUIRIES:**

Please contact Amy Gimlin [agimlin@workforcesw.org](mailto:agimlin@workforcesw.org) (360) 567-1059 for questions.