



## MONITORING POLICY POLICY #: 2003 Revision 6

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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 ensure 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 executes 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, unless as otherwise required per grant agreement.
- 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.
- 10) At the discretion of WSW monitoring staff, pieces or all the review may be done remotely.

**PROCEDURES:**

WSW will conduct, in most cases, program and fiscal monitoring in a coordinated effort if not simultaneously. Equal Opportunity Monitoring may be conducted in conjunction with program and fiscal monitoring or may be scheduled separately. 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 2 CFR 200, 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, and/or personnel management.

- A review of property inventory in accordance with WSW #2001 Property Management.
- Review of Equal Opportunity compliance using the process outlined in the WIOA Equal Opportunity and Nondiscrimination Monitoring guide. Review could include but not limited to, signed participant notification, grievance procedures, walk through of facility, staff and participant interview, or medical information storage.
- Review of documents or other publications that describe a project or program to ensure compliance of the inclusion of specific language acknowledging federal funding when publicly communicating as outlined in the Stevens Amendment.
- 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. Separate Programmatic and Fiscal Monitoring Reports 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.

### **Process and Timeline**

1. Monitoring scheduled – the annual calendar is created no later than July 1 for the program year; dates are included in executed copies of subcontracts and placed in Outlook calendar.
2. WSW conducts a risk assessment – 30-60 days prior to monitoring date.
3. WSW determines level of monitoring – 30-60 days prior to monitoring date.
4. If necessary, WSW entrance meeting
5. Program and Fiscal data are gathered and reviewed.

6. WSW will follow up with questions/concerns.
7. If necessary, WSW will conduct an exit monitoring meeting.
8. Initial Report issued, including Programmatic and Fiscal sections, – within 10 working days from the exit meeting or exit email.
9. \*EO Monitoring review will be included as a summary section, at minimum by reference, within the Initial Report, if conducted in unison with program and fiscal monitoring, and follow the same response and finalization of monitoring report timeframe. The summary will include specific best practices, observations, noncompliance issues found, and recommendations for achieving compliance.
10. Subrecipient initial response and resolution time – within 30 working days of Initial Report issued.
11. Separate Programmatic and Fiscal Final Reports issued – within 10 working days of subrecipient initial response. If no subrecipient response is warranted and/or no unresolved issues remain Quality and Compliance Manager will move monitoring to Step #16.
12. \*A separate EO Monitoring Report will be issued no later than with the Final Monitoring Report. The report will address each Non-Discrimination Plan (NDP) element. When areas of non-compliance remain, the monitoring report will list the specific issue and provide corrective action(s) to be taken.
13. Subrecipient final response and resolution time – within 30 working days of Final Report issuance date.
14. WSW review and determination of response within 15 working days of final response. Steps #10 and #11 may be repeated and a revision of the Final Report issued, if necessary, to resolve issues identified.
15. Corrective Action Plan issued, if applicable to resolve exceptions, issues, or concerns.
16. Monitoring closed – upon all exceptions, issues, concerns, or questions resolved.

### **Equal Opportunity Monitoring**

1. If necessary, WSW may alter EO monitoring process to conduct EO monitoring separate from Program and Fiscal Monitoring.
  - A. WSW will email EO Monitoring Report to the Subrecipient for review and comment, no later than 30 business days after the on-site visit. The report will document the review including best practices, areas found to be in compliance, and any noncompliance issues found, addressing each NDP element. When areas of non-compliance remain, the monitoring report will list the specific issue and provide corrective action(s) to be taken.
  - B. The Local EO Officer and Assistant EO Officer are available to provide technical assistance regarding compliance.
  - C. WSW will issue a closeout email to the Subrecipient once any necessary changes have been made.

**DEFINITIONS:**

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.”

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, equal opportunity noncompliance, or other issues identified by WSW. Plan will outline corrective action and steps taken by subrecipient to comply. Failed corrective action could result in loss of contract and/or funding. WSW can issue corrective action at any time during the contract period.

Daily Observation Report (DOR) – An optional monitoring tool WSW may use to document and communicate progress with subrecipient. The DOR 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.

An Exit DOR, for both Programmatic and Fiscal monitoring, may be provided to the subrecipient as a required attachment to monitoring reports to capture the scope of monitoring, track and document status of items to be addressed, required actions, and details of resolutions. When required, the Exit DOR will be referenced in the monitoring report and the subrecipient must submit the completed DOR with the monitoring response.

Disallowed Costs - Identified during monitoring and included in the Initial 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.

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.

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.

Nondiscrimination Plan (NDP) - a document that describes to USDOL how Washington's WorkSource system will provide workforce development programs and services in a manner which ensures equal opportunity and nondiscrimination. The NDP consists of nine elements: State-level and local EO Officers; Notice and communication; Assurances; Affirmative outreach; Disability requirements; Data collection; Monitoring for compliance; Discrimination complaint process; and corrective actions and sanctions.

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.

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.

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.

**REFERENCES/RESOURCES:**

- [Workforce Innovation and Opportunity Act](#)
- [Office of Management and Budget Super Circular 2 CFR Part 200](#)
- [State Policy No. 5414 Rev 1](#)
- [State Policy No. 5402 Rev 3](#)
- [WSW's Procurement Policy #1003](#)
- [WSW's Property Management and Inventory Directive Policy #2001 Rev 3](#)
- [Workforce Professionals Center - Equal Opportunity Compliance \(wa.gov\)](#)

**WEBSITE:**

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

**SUPERSEDES:**

- WSW Monitoring Policy #2003 Rev 3
- WSW Monitoring Policy #2003 Rev 4
- WSW Monitoring Policy #2003 Rev 5 effective 12/12/2023

**INQUIRIES:**

Please contact Tamara Toles [ttoles@workforcesw.org](mailto:ttoles@workforcesw.org) (360) 567-1075 for questions.