MONITORING POLICY
POLICY #: 2003 Revision 9

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

BACKGROUND:
Federal, State, and other 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 grant requirements and regulations including OMB 2 CFR Part 200 and that performance expectations are being achieved. Regulations also require WSW to continuously monitor grant-supported activities in accordance with 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 WIOA Title I formula funded contracts. Subrecipients funded with WIOA discretionary or National Dislocated Worker funds will be monitored in accordance with the grant agreement or as specified in the subcontract, whichever is less. 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 the WSW Procurement 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 program 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 to subrecipients 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. On-site or remote review will be determined at the discretion of the WSW monitoring staff, if not specified in the funding agreement.

8) Based on the risk assessment and circumstances outlined in next section, WSW monitoring staff may choose the level of monitoring. A full or partial review will be conducted. A partial review could result in only program or administrative is reviewed or only certain elements are reviewed.

9) WSW staff with expertise in each of the compliance areas will conduct the review.

10) 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 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 the WSW annual Monitoring Plan as required by grantors.

- Review of previous subrecipient monitoring reports, if applicable, to ensure corrective action was taken on previous findings or issues.

- A thorough review of invoices and supporting documents submitted by the subrecipient to ensure 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 invoicing form 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 with 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.

- Review of performance outcomes and contract deliverables. Review includes planned versus actual performance and compliance with the contract statement of work.

- Performance is monitored on a quarterly basis through reports submitted by subrecipients and reports available through the case management system.

- Clear communication with the subrecipient at time of monitoring, to discuss any exceptions, issues, or lack of internal controls found during review.

Written Reports

All written reports and formal communication to the subrecipient during monitoring will include both Program and Fiscal components. Upon completion of the monitoring, WSW will issue a Daily Observation Report (DOR) that will serve as the Initial Report outlining any findings, issues, concerns, observations, or unanswered questions. The subrecipient will answer questions, provide feedback, correct findings, issues, or concerns within the allotted time provided directly on the DOR. A Final Monitoring Report will be issued to people with decision making authority at the subrecipient organization being monitored. This report will include an executive summary, the period of the review, summary of the scope and scale of the review, identify areas of non-compliance and steps taken to resolve those, the conclusions, and any promising practices. It will also include any

unresolved findings, issues, or concerns that still need correcting that did not get addressed in the DOR. The subrecipient will respond to all unresolved findings, issues or concerns within the allotted time provided. 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. Once all monitoring activity is complete WSW will issue a Closeout Letter, this would only apply to those reviews that stated unresolved findings, issues, or concerns in the Final Monitoring Report. Otherwise, the Final Monitoring Report will state the closure of the monitoring.

Process and Timeline

1. The annual monitoring calendar will be created no later than July 1 for the program year; anticipated dates are included in executed copies of contracts.
2. WSW conducts an annual risk assessment prior to the monitoring date. This will determine the level of fiscal and program monitoring.
3. If necessary, WSW will conduct an entrance meeting.
4. Program and Fiscal data are gathered and reviewed.
5. WSW will follow up with questions/concerns.
6. If necessary, WSW will conduct an exit monitoring meeting.
7. Initial Report (DOR) issued, including Programmatic and Fiscal sections, – within 15 working days from the monitoring start date. If no subrecipient response is warranted and/or no unresolved issues remain, WSW will issue a Closeout Final Monitoring Report.
8. *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.
9. Subrecipient initial response and resolution time – within 30 working days of Initial Report (DOR) issued.
10. WSW will follow up with questions/concerns and then resend the DOR (if necessary) –within 10 working days of receiving a complete and final subrecipient response to the DOR, or at the end of the response time listed in item 9, whichever is earlier. If no questions and all issues are resolved, WSW will issue a Closeout Final Monitoring Report.
11. Subrecipient 2nd response and resolution time – within 10 working days of 2nd DOR issued.
12. WSW will review and submit a Final Monitoring Report identifying any unresolved issues or will issue a Closeout Final Monitoring Report– within 15 working days of receiving the 2nd response.
13. *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.
14. Subrecipient final response and resolution time – within 15 working days of Final Report issuance date.

15. WSW will review and determine if a Corrective Action Plan will be issued, if applicable to resolve exceptions, issues, or concerns. Or a Closeout Letter will be issued closing the monitoring and acknowledging all findings, issues or concerns as resolved.
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 close-out 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 to the subrecipient when a subrecipient is behind in spending, below targets for performance, 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) – A monitoring tool WSW uses to document and communicate with the subrecipient. The DOR includes all observations, findings, issues, noted practice, items to address, questioned costs, and discussions surrounding the resolution of the identified items.

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. A full or partial review may occur at the discretion of the WSW monitoring staff.

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.

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 2
- State Policy No. 5402 Rev 3
- WSW's Procurement Policy #1003 Rev 7
- WSW's Property Management and Inventory Directive Policy #2001 Rev 4
- 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
- WSW Monitoring Policy #2003 Rev 6 effective 8/14/2024
- WSW Monitoring Policy #2003 Rev 7 effective 10/23/2024
- WSW Monitoring Policy #2003 Rev 8 effective 12/09/2025

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