



**WORKFORCE DEVELOPMENT BOARD**  
OF SOLANO COUNTY

## **POLICY ISSUANCE**

Date: March 18,2022 Number: 2022-02

### **FEDERAL MONITORING AND COMPLIANCE OVERSIGHT**

#### **INTRODUCTION**

This policy describes the Solano County Workforce Development Board's, in partnership with the Solano County Board of Supervisors as the chief local elected official, compliance monitoring and oversight of its federally funded subrecipients and contractors, including those funded under the Workforce Innovation and Opportunity Act (WIOA) of 2014.

Any subrecipients receiving federal funding must comply with Office of Management and Budget's Uniform Guidance for applicable uniform cost principles as well as the uniform administrative requirements for grants and agreements applicable for the type of entity receiving the funds as outlined in 2 CFR Part 200 (for non-profit organizations, the applicable requirements are in Title 2 CFR Part 200.70). WIOA Final Rules additionally defines administrative and fiscal requirements in Title 20 CFR Section 683.200. Uniform Guidance also requires subrecipients to ensure that the procurement, receipt, and payment for goods and services received complies with federal and state laws, regulations, and subrecipient policies, as well as the provisions of contractors' contracts and agreements. California Employment Development Department (EDD) additionally requires local boards to conduct oversight and monitoring regarding compliance with nondiscrimination and equal opportunity requirements in contracts, job training plans, and policies and procedures.

Federal guidance and WIOA requires accountability at all levels of the workforce investment system. Monitoring is a process used to measure progress, identify areas of compliance, offer opportunities for technical assistance to help resolve non-compliance issues, and ensure that federal funds are used responsibly. Requirements for the monitoring and oversight of workforce programs are outlined in the Code of Federal Regulations (CFR) and Uniform Guidance, as well as in the WIOA Final Regulations. These provisions require that all recipients and subrecipients of federal funds must conduct regular oversight and monitoring to ensure compliance with applicable federal requirements and performance expectations.

#### **QUESTIONS**

Questions relating to this policy should be directed to Heather Henry, President/Executive Director, at [hhenry@solanowdb.org](mailto:hhenry@solanowdb.org) or at 707-863-3501.

## ATTACHMENTS

- Attachment A: Definitions
- Attachment B: WDB Firewall Organizational Chart

## POLICY

Each recipient and subrecipient of funds under Title I of WIOA are required to conduct regular oversight and monitoring of its WIOA programs and those of its subrecipients and contractor to:

- Determine that expenditures have been made against the proper cost categories and within the cost limitations specified in WIOA and the regulations;
- Determine whether there is compliance with other provisions of WIOA, the WIOA regulations, and other applicable laws and regulations;
- Assure compliance with 2 CFR Part 200 regarding federal fiscal and administrative requirements;
- Ensure recipients and subrecipients of WIOA Title I funding have an internal control structure and written policies in place that provide safeguards to protect personally identifiable information (PII), records, contracts, grant funds, equipment, sensitive information, tangible items, and other sensitive information, as well as protect against real or perceived conflicts of interest; and
- Determine compliance with the nondiscrimination, disability, and equal opportunity requirements of Section 188 of WIOA, including the Assistive Technology Act (ADA) of 1998 (29 USC 3003).

*Note: Contractors are not subject to the scope of monitoring for subrecipients, but the WDB will ensure compliance regarding contractor transactions and terms and conditions outlined within the contract.*

The WDB is committed to fostering a continuous improvement culture through transparency and collaboration that supports the success and accountability of WIOA funded activities, subrecipients, and contractors in maintaining compliance with applicable WIOA law, rules, and guidance. Continuous monitoring supports the early identification and rapid resolution of issues before they become entrenched or expand in scope. Monitors will use available information sources to assess risk for non-compliance or low performance, as well as identify trends that may indicate a need to develop and deliver technical assistance and training to address challenges. Continuous monitoring activities may include performance data review provided through the state's Management Information System (MIS); fiscal data review, such as drawdowns, single audit report, invoices; and qualitative data review, such as meeting minutes, information provided from partners, case notes, etc.

Formal and informal monitoring activities ensure:

- Programs and contractors achieve intended results and quality services;
- Technical assistance is provided on compliance as needed or requested;

- Identification of system-wide issues that require policy or program review and resolution;
- Identification of positive practices and sharing of those practices with others in the workforce development system;
- Impact assessment of workforce programs for customers within the workforce development area; and that
- Resources are efficiently and effectively used for authorized purposes and are protected from waste, fraud, and abuse.

WIOA regulations require the Local Board, in partnership with the Chief Local Elected Official (CLEO), conduct oversight of the WIOA programs and the America's Job Center of California (AJCC) to ensure the appropriate use and management of funds for workforce development activities and to maximize the performance outcomes, as well as to develop a monitoring plan for oversight. The Solano County Board of Supervisors, as the Chief Local Elected Official, and the Local Workforce Board, have delegated this oversight to the WDB. The WDB, on behalf of the Solano County Workforce Development Board, will conduct programmatic, fiscal, and administrative compliance monitoring at least annually.

For subrecipient funds awarded to the Regional Planning Unit (RPU), the WDB will, as applicable:

- Provide oversight and guidance to the region's selected Regional Organizer (RO) and Regional Training Coordinator (RTC); and
- Comply with state and federal regulations to safeguard regional, state, and federal funds allocated to the Local Area through RPU funding.

Subrecipients and contractors are required to permit the WDB, California EDD, DOL, or other authorized representatives to have access to records, financial statements, facilities, and participants.

#### Program Monitoring

The WDB will examine program participant files and the state's MIS records to:

- Ensure only eligible participants are enrolled and applicable eligibility documentation is collected and properly recorded;
- Ensure proper maintenance and content of participant records to include data validation requirements;
- Confirm appropriate and adequate case notes are documented ensuring continuity from time of application through completion of services;
- Verify all relevant participant data and services have been accurately and timely recorded into the state's MIS;
- Ensure programs and activities are effective in meeting the goals established in the four-year local plan;

- Verify that the training and work environment are for participants and staff members;
- Confirm compliance with the ADA and nondiscrimination and equal opportunity provisions of WIOA and other federal and state nondiscrimination laws;
- Ensure implementation of contractual service delivery model and performance; and
- Ensure that appropriate grant and program management policies and procedures as defined by WIOA are in place.

In addition, the WDB will conduct annual monitoring of Eligible Training Providers and On-the-Job Training (OJT) providers utilized to validate participants' data, ensure WIOA services were received as claimed by subrecipient, and verify compliance with ADA and nondiscrimination and equal opportunity requirements.

#### One-Stop Operator and AJCC Monitoring

The WDB will examine the AJCC facilities, activities, and the state's MIS records to:

- Ensure the one-stop operator's compliance with the requirements of WIOA, the activities per the SOW, performance reporting requirements, and the terms and conditions of the contract or agreement governing the one-stop operator;
- Facility compliance, including compliance with WIOA guidelines, ADA, and nondiscrimination laws and regulations; and
- Compliance with AJCC Memorandum of Understanding and Infrastructure Funding Agreement regulations.

#### Fiscal and Administrative Monitoring

Non-Federal entities must have sufficient financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used in accordance to the Federal statutes, regulations, and the terms and conditions of the Federal award.

The WDB will examine administrative and financial management records to:

- Verify accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with reporting requirements. (*Note: Subrecipients are not required to establish an accrual accounting system and are allowed to develop accrual data for its reports on the basis of an analysis of the documentation at hand.*);
- Ensure records contain information pertaining to federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income, and interest and are supported by source documentation;
- Ensure internal controls are in compliance with federal, state, and local laws and regulations, including budgeting, cost allocation, accounting and payables, financial reporting, information systems, travel, cash management, procurement

and purchasing, property management, personnel and payroll, participant related payments, adequate separation of duties, and contracting and leasing;

- Ensure that the procurement, receipt, and payment for goods and services received complies with federal and state laws, regulations, and subrecipient policies, as well as the provisions of contractors' contracts;
- Confirm all WIOA-funded activities are reasonable, allowable, and necessary and that contract charges are allocated properly to appropriate cost categories;
- Verify effective control over, and accountability for, all assets and assure that they are used solely for authorized purposes; and
- Ensure appropriate financial and administrative policies and procedures are in place.

*Note: Single audit reports cannot take the place of an oversight or monitoring review.*

### INTERNAL FIREWALLS

According to WIOA regulations, any organization that has been selected or designated to perform more than one principal function within a local workforce investment system must develop a written agreement with the local Workforce Development Board and Chief Local Elected Official(s) to clarify how the organization will carry out its responsibilities while demonstrating compliance with WIOA and corresponding laws and regulations. In addition, any organization who performs more than principal function must have firewalls in place between staff providing services, staff responsible for oversight of service, and the Local Board.

The principal functions of the local workforce investment system and the entity responsible for that function are as follows:

- **Fiscal Agent** - the County of Solano serves as the Fiscal Agent and grant recipient for WIOA services. The County of Solano and the WDB have an agreement in place to delineate fiscal roles and responsibilities. WDB Fiscal Staff develop the budget for the Local Workforce Development Area under direction from the Board and the CLEO.
- **Provider of WIOA Adult and Dislocated Worker career services** – WDB Program Staff serve as the provider of WIOA Adult and Dislocated Worker career services.
- **Provider of WIOA Youth career services** – WDB Program Staff, as well as a contracted subrecipient, serve as the provider of WIOA Youth career services.
- **One-Stop Operation** – WDB AJCC Staff provides daily basic career service activities and contracts one-stop operation to a subrecipient.
- **Local Board Governance** – WDB Staff to the Board provides activities related to the organization of the Board; identification and selection of one-stop operator(s), providers of workforce investment activities, and providers of training services; negotiation of local performance accountability measures; negotiation of the local area MOU among one-stop system partners; development of a budget for the

Local Workforce Development Area; monitoring and oversight of all local WIOA Title I-B subrecipients; and the development of the local and regional plans.

WDB firewalls serve to separate organizational functions and staff reporting relationships between different staff functions that handle governance, policy, coordination, administration, monitoring, oversight, and program services. Firewalls are in place to ensure that monitoring and oversight staff does not have a reporting relationship with the Program or Fiscal staff that it monitors and can be seen in Attachment B.

The Executive Director is executive director of both the WDB program and fiscal activities and Staff to the Board. When overseeing policy, local board governance, and monitoring of subrecipients and program services, the Executive Director is performing functions of Staff to the Board. When overseeing program delivery, fiscal operations, and coordination, the Executive Director is performing functions of the WDB.

The Staff to the Board will annually present summary reports to the Board as follows:

- Programmatic monitoring of the Comprehensive and Affiliate AJCCs and the WDB WIOA Adult, Dislocated Worker, and Youth programs will be presented to the Planning and Oversight Committee.
- Programmatic monitoring of Eligible Training Providers and On-the-Job Training providers will be conducted by Program Staff and presented to the Planning and Oversight Committee.
- Programmatic, fiscal, and administrative monitoring of WIOA Youth subrecipients will be performed in partnership with the Program and Fiscal staff and presented to the Planning and Oversight Committee.
- Fiscal and Administrative monitoring of all internal WIOA Adult, Dislocated Worker, Youth, and AJCC programs will be presented annually to the Budget Committee.

### COMPLIANCE MONITORING REVIEW PROCESS

The WDB is required to conduct on-site fiscal and programmatic monitoring of all subrecipients at least annually. Monitoring of subrecipients and the AJCCs shall follow the subsequent standardized review methodology.

The compliance monitoring review process includes the following steps:

#### Notification of Monitoring

The subrecipient or AJCC/WIOA Title I program shall be notified and confirmed in writing of the scheduled monitoring/review visit at least four (4) weeks prior to the date of the visit. The formal notification letter shall include the following information:

- Date and duration of the review,
- Place of review,
- Purpose of review,
- Areas and materials to be reviewed,

- Documents to be completed and returned to monitoring team prior to visit with a return due date.

The request will also include a copy of the Compliance Monitoring Guide that the WDB will use to conduct the compliance monitoring review. The contract signatory will receive all formal notifications for subrecipients, and the appropriate department head will receive all formation notification for internal monitoring.

### Desk Review

Upon receipt of the preliminary information and prior to the onsite compliance monitoring review, the WDB will conduct a desk review. The desk review will help identify potential items to be addressed during the onsite compliance monitoring review.

The desk review may consist of the following:

1. Contract Terms and Conditions
2. Statement of Work and Participant Plan
3. Review of Prior Monitoring Reports
4. Current Financial Data and Program Performance
5. Memorandum of Understanding
6. In-Kind Contributions
7. Organizational policies and procedures for administrative and program administration, procurement, and nondiscrimination and equal opportunity
8. Procurement Practices
9. Supportive Service Internal Controls for Pre-paid Negotiables

### Onsite Compliance Monitoring Review

The on-site review will follow a standardized guide designed to assist the monitoring team in accomplishing a comprehensive evaluation. The process will include:

- **Entrance Conference** – To include an introduction of colleagues who may be participating in the monitoring review and give an overview of the scope of the review, as well as discuss any follow-up issues from past monitoring reviews.
- **Facility Review** – To include observation of the facility and activities provided to assess the adequacy as it relates to the accessibility of the site, activities, and programs by persons with disabilities, compliance with Americans with Disabilities Act (ADA), and determine if the center is a safe environment for customers and staff.
- **Review of Onsite Records** – To include validation of information obtained from desk review, participant files, review of how PII is protected, and review of internal controls.
- **Potential Interviews** – May include interviews with customers and/or employers to obtain information on the quality of services provided; may include interviews with randomly selected staff at various levels to obtain information on the administration and operations, verify knowledge of policies and procedures, etc.

- **Exit Conference** – During the exit conference, the monitor will disclose all issues that may be included in the draft report as their promising/best practices, potential findings, or concerns.

### Draft Monitoring Report

The Staff to the Board will issue a draft monitoring report to the program or subrecipient within thirty (30) days after the exit conference. Noncompliance issues, as well as concerns that may be potential noncompliance issues, will be documented in the draft monitoring report. The draft monitoring report will identify any specific findings and provide a time period of thirty (30) calendar days to address the corrective action.

Areas of review outlined in the monitoring report will include:

- Summary of the monitoring process
- Summary of fiscal management, program management, and condition of facilities
- Review of previous monitoring findings, as appropriate
- Any findings that specify area of noncompliance, accompanied by a citation of the applicable federal, state, or local law, regulation, or policy, as well as a recommendation for corrective action
- Any concerns regarding observed conditions that could become areas of noncompliance or poor performance, accompanied by a suggestion for the program administrator's consideration to address concerns
- Any promising or best practices identified
- Monitoring disclaimer to include that the monitoring is based on a sample and should not be considered a comprehensive assessment of the program
- An attestation by the monitoring entity that it has examined compliance with the requirements of WIOA, the Uniform Guidance at 2 CFR part 200 and 2 CFR part 2900, and the terms and conditions of the contract.

If the results of a monitoring review disclose no areas of noncompliance and no concerns regarding observed conditions that could become areas of noncompliance or poor program performance, the WDB may issue a final report instead of a draft monitoring report.

### Opportunity for Response

The subrecipient or program has three options in responding to the draft monitoring report:

1. If no areas of findings or concerns are identified in the monitoring report, no subrecipient response is required.
2. If the subrecipient agrees with the finding(s) or concern(s), the subrecipient should respond with the proposed correction action plan to resolve any findings, including the identification of the major tasks involved and the appropriate timelines for their implementation.



1. If the subrecipient or contractor disagrees with the recommendation(s), the subrecipient or program may provide information or documentation to substantiate the finding(s) or area(s) of concern in disagreement.

The program or subrecipient may request technical assistance in developing a correction action plan to resolve any findings.

#### Final Report

The WDB will issue a final monitoring report to the subrecipient within thirty (30) working days after the receipt of the response to the draft report.

The final report will differentiate:

- Findings that are resolved and closed
- Findings that are resolved and remain open until the WDB monitor can verify, during a future on-site monitoring visit, that the subrecipient has successfully implemented the corrective action plan as stated in their response.
- Findings that are not resolved, which may require the subrecipient to provide the WDB additional documentation and/or a corrective action plan.

#### Monitoring Follow-up

Depending on the nature of the monitoring results, the WDB may conduct a follow-up review to assess the progress made by the subrecipient or contractor resolving the identified areas of noncompliance.

A follow-up review may consist of the following activities:

- **Desk Review** – if the monitoring finding can be addressed through the submission of documentation, follow-up may be achieved through verification of back-up documentation submitted by subrecipient or program in response to a monitoring report finding.
- **Off-Cycle Visit** – if a corrective action is crucial to the operation of the program or requires immediate attention to resolve a problem involving questioned costs, a follow-up visit may be scheduled to confirm that corrective action has been implemented.
- **Review in Next Regular Monitoring** – if the corrective actions will require more time to implement or is of a less severe nature, the action will be followed-up during the next regular monitoring visit.

*Note: The defined monitoring review process does not limit the WDB's ability or responsibility to conduct on-site monitoring should an issue be identified through a continuous monitoring activity.*

#### **DOCUMENTATION**

Subrecipients and contractors of WIOA funding must retain all financial records, supporting documents, statistical records, and all other non-federal entity records

pertinent to a federal award for a period of three years from the date of submission of the financial reports for review by federal, state, or local officials.

WDB staff must maintain a complete monitoring log of all monitored entities and activities. The log must contain the date the review was conducted, type of review, period reviewed, staff conducting monitoring, date of draft and/or final report, findings, corrective action, location of working papers, and dates and number of attempts to subrecipient for not responding to draft and/or final report. The local area's compliance monitoring reports should be used as an assessment reference when developing future corrective action plans and for scheduled onsite monitoring reviews that may be required by authorized federal and state reviewers.

WDB staff are required to keep copies of their compliance monitoring efforts and reports on file for three years from the date of submission of the final expenditures report regarding the funding sources monitored. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the three-year period, the records must be retained until all litigation, claims or audit finding involving the records have been resolved and final action taken.

## **DISCLAIMER**

This policy is based on WDB's interpretation of the statute, along with the Workforce Innovation and Opportunity Act; Uniform Guidance, Final Rule released by the U.S. Department of Labor and federal and state policies relating to WIOA implementation. This policy will be reviewed and updated based on any additional federal or state guidance.

## **REFERENCES**

### **Law**

- [Workforce Innovation and Opportunity Act of 2014 \(WIOA\)](#).

### **Federal Guidance**

- [Workforce Innovation and Opportunity Act Labor Only Final Rule](#): Title 20 CFR Section 200, 679.430 and 683.220
- [Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(Uniform Guidance\)](#), including Department of Labor exceptions outlined in 2 CFR part 2900
- Training and Employment Guidance Letter (TEGL) 03-15 – [Operating Guidance for the Workforce Innovation and Opportunity Act](#)
- TEGL 15-14 – [Implementation of the New Uniform Guidance Regulations](#)
- TEGL 15-16 – [Competitive Selection of One-Stop Operators](#)
- TEGL 19-16 – [Guidance on Services provided through the Adult and Dislocated Worker Programs under the Workforce Innovation and Opportunity Act \(WIOA\) and the Wagner-Peyser Act Employment Services \(ES\)](#)

- Department of Labor, Employment and Training Administration's [Core Monitoring Guide](#)

### **State Guidance**

- Workforce Services Directive (WSD) 17-05 – [Oversight and Monitoring of Nondiscrimination and EO Procedures](#)
- WSD 18-16 – [Guidance on Regional Awards](#)
- WSD Draft Directive – [Standards for Oversight and Instruction for Substate Monitoring](#)

### **Approved by**

Workforce Development Board of Solano County and the County of Solano Board of Supervisors

## Definitions

**Finding** – a violation of a specific compliance requirement contained in law, regulations, national policies, Uniform Guidance, grant terms and conditions, WIOA policy guidance, and/or grant agreement. Findings may include non-compliance issues, questioned costs, and/or disallowed costs. A citation is readily available outlining the requirement and corrective action is required to resolve the finding.

**Area of Concern** – a potential issue, challenge, or situation is identified that does not yet violate one of the regulations or policies, but left unchecked could elevate to a finding or, at a minimum, negatively impact outcomes. Reports typically include a recommendation to address the situation at hand and do not require corrective action.

**Best Practice** – a strategy, approach, process, or product in one or more key areas of implementation: governance, administration, service design and delivery, etc. that is sufficiently effective and/or innovative to warrant highlighting in the report.

**Contractor** – as defined in Uniform Guidance Section 200.22 – ... Contractor characteristics include the following criteria:

1. Provides the goods and services within normal business operations.
2. Provides similar goods or services to many different purchasers.
3. Provides good or services that are supplementary to the operation of the federal program.
4. Not subject to compliance requirements of the federal program.
5. Provides good and services for the grant recipient's own use, creating a procurement relationship.
6. Funded by a procurement contract.

**Corrective Action Plan (CAP)** – A list of specific steps that subrecipients must take within a stated period of time in order to achieve compliance.

**Non-Federal Entity** – as defined in Uniform Guidance Section 2900.2 – A state, local government, Indian tribe, institution of higher education, for-profit entity, foreign public entity, foreign organization, or non-profit organization that carries out a federal award as a recipient of subrecipient.

**Subrecipient** – as defined in Uniform Guidance Section 200.93 – a non-federal entity that expends federal awards received from a pass-through entity to carry out a federal program. Subrecipient characteristics include the following criteria:

1. Determines who is eligible to receive what federal assistance.
2. Performance is measured by whether objectives of a federal program are met.
3. Has responsibility for programmatic decision making.
4. Responsible for adhering to applicable federal program requirements.
5. Uses federal funds to carry out a program for a public purpose.
6. Funded by a subaward.

## Attachment A: Definitions

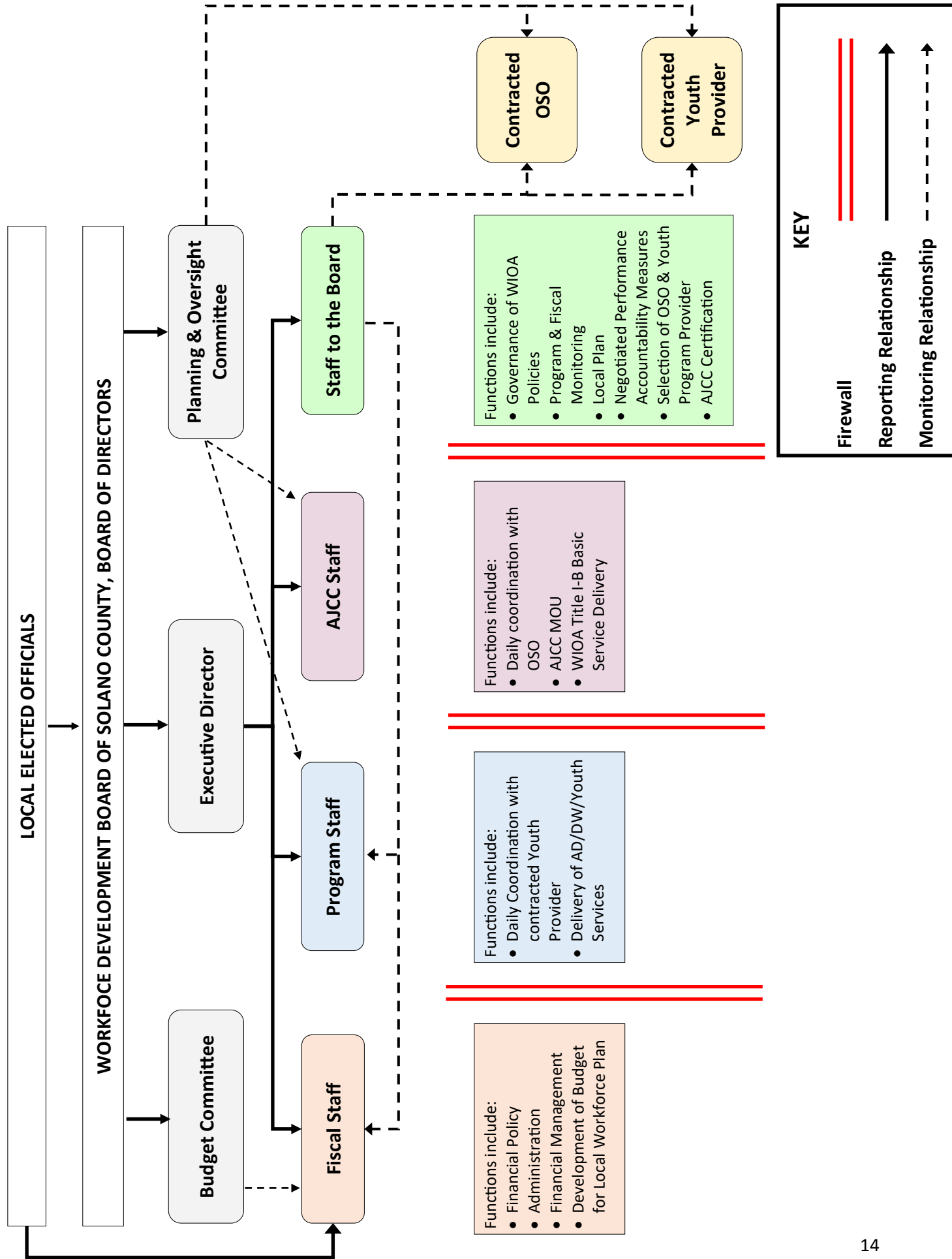
**Questioned Cost** – a cost that is questioned by the monitoring as being unallowable, un-allocable, or unreasonable. Questioned costs are costs:

- That 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);
- Where the costs, at the time of the monitoring visit, are not supported by adequate documentation (un-allocable); or
- Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances (unreasonable).

**Internal Controls** – as defined in 2 CFR 200.61 and 200.62 – means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of reporting for internal and external use;
- Compliance with applicable laws and regulations;
- Transactions are properly recorded and accounted for, in order to:
  - Permit the preparation of reliable financial statements and Federal reports;
  - Maintain accountability over assets; and
  - Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
- Transactions are executed in compliance with:
  - Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
  - Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
- Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Attachment B: WDB Firewall Organizational Chart





**WORKFORCE DEVELOPMENT BOARD**

OF SOLANO COUNTY

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EMPLOYEE ACKNOWLEDGEMENT OF RECEIPT AND UNDERSTANDING FOR:  
FEDERAL MONITORING AND COMPLIANCE OVERSIGHT

(Issued March 18, 2022)

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The Workforce Development Board (WDB) of Solano County's Federal Monitoring and Compliance Oversight policy contains important information pertaining to my employment and duties at the WDB.

A copy of this policy has been given to me to retain for future reference, and I have been provided with the location on the Shared Drive for the policy where I can obtain an electronic copy.

Since the information and policies described in the policy are necessarily subject to change, I acknowledge that revisions to the policy may occur. All such changes will be communicated through official notices. I understand that revised information may supersede, modify, or eliminate existing policies.

I have received the Federal Monitoring and Compliance Oversight and I understand that it is my responsibility to read and comply with the information contained in this policy and any revisions made to it.

I understand that I should consult my supervisor if I have any questions about the information contained in the policy. I understand that failure to comply with the information contained in the policy could lead to disciplinary action or termination.

Employee's Name (printed): \_\_\_\_\_

Employee's Signature: \_\_\_\_\_ Date: \_\_\_\_\_