



Organization Policy

Standard Operating Procedures

Topic: Monitoring

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New

Revised

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Policy

Monitoring activities will be undertaken by Worksystems to ensure the integrity of fund use both within the organization and with contractors and subrecipients funded to deliver workforce system services. Monitoring procedures will be developed to assess compliance with applicable laws, regulations and contract requirements as well as identify technical assistance needs and successful methods and practices that may serve to enhance the system. The scope of monitoring is comprehensive and includes a combination of formal and informal activities reviewing both administrative, fiscal and program areas.

Worksystems Internal Monitoring

Monitoring of Worksystems' adherence to its own policies and procedures in key areas will be undertaken annually through management oversight or focused review as necessary. Key areas for attention include, but are not limited to:

- Grant/Contract Oversight
- Contractor/subrecipient fiscal and program monitoring
- IT Security
- Procurement

When formal internal monitoring activities occur, a report will be provided to the Leadership Team depicting results and providing recommendations for correction, as applicable. Where informal oversight leads to the identification of a problem, this will be reported to the Leadership Team along with recommended solutions.

Subrecipient Monitoring

The purpose of subrecipient program and fiscal monitoring is to ensure the integrity of fund use by subrecipients as it relates to:

- Serving eligible participants.
- Program service design and delivery that supports successful performance.
- Fiscal documentation, processes and policies.
- Assessment of compliance with Worksystem's policies and applicable laws and regulations.

A report will be provided to the subrecipient within 30 days of the conclusion of the review that outlines the results and any required corrections. Significant administrative deficiencies identified through subrecipient monitoring will be shared with the Executive Board through an annual monitoring Board report.



The scope of monitoring is comprehensive and includes a combination of formal and informal activities including desk and on-site reviews of program and fiscal systems and records. See below for *Subrecipient Fiscal and Program Monitoring Procedures*.

Deliverable-Based Contract Monitoring Procedures

Worksystems incorporates all monitoring of deliverable-based contracts into the invoice review and payment approval process. Worksystems' contract manager will:

- Review contractor invoices for deliverable completion and required support detail in accordance with the Statement of Work and/or contract terms and conditions.
- When deliverables have been met and support detail is complete and in-hand (if applicable), the contract manager will indicate approval of the services delivered by approving and submitting the invoice for payment.
- When deliverables are completed and result in a tangible product, contract managers are responsible to file the product in appropriate drive/location as determined by Worksystems' supervising manager.

Fiscal Monitoring Procedures

A monitoring calendar is maintained to track subrecipient fiscal monitoring activities for each program year. The calendar includes subrecipients to be monitored, the program year being monitored, monitoring dates, fiscal staff assigned to each subrecipient, and tracking of findings and subrecipient responses.

Subrecipient financial documents, processes, policies and audits relative to Worksystems' grants are reviewed, and specific transaction monitoring undertaken to identify any insufficiencies. Technical assistance is offered, and/or corrective action plans are developed and put in place as required.

Monthly

The Billing Workbook and supporting detail required by the contract are reviewed for compliance with contracted budget requirements. Fiscal maintains a Billing Workbook log which records the date the workbook has been received, the fiscal staff who reviewed it and the date it was reviewed. A review date entered on the log indicates approval at this stage for Accounts Payable data entry. However, if the fiscal reviewer is unable to approve the Billing Workbook due to issues or concerns, notes on the log are to be made to assist with follow up on those issues or concerns and reported to the subrecipient for correction and/or Worksystem's Senior Project Manager for their assistance and intervention with the subrecipient.

Annual

Fiscal monitoring of all subrecipients of direct or pass-through grants is conducted annually. A monitoring method is selected based upon the assessed risk of a subrecipient's noncompliance with contract terms, underlying grant terms, and applicable federal, state and local laws and regulations. Monitoring methods are onsite visits, desk reviews, or a combination of the two. A sample of transactions is selected to review for appropriate documentation, benefit to the grant, compliance with the subrecipient's policies and procedures, and compliance with contract and



grant terms and federal, state and local laws and regulations. Monitoring will cover all individual contracts associated with the subrecipient organization.

At a minimum, fiscal monitoring will include receipt and review of:

- The most recent audited financial statements, management reports, Uniform Grant Guidance report, monitoring reports from other agencies, monitoring reports the subrecipients conduct on their subcontractors.
- Certificates of Insurance (subrecipients and any of their subcontractors).
- Documentation of indirect cost rate, including calculations, agreements.
- General Ledger transaction testing (to include direct, indirect, program income, payroll, operating costs, and participant expense). Participant expense transactions will be verified in I-Trac.
- Stand-in leverage included in the billing workbooks.
- Financial policies and procedures, especially relating to procurement/purchasing, personnel/payroll, credit cards, travel, record retention, and financial reporting and cost allocations.
- Subcontracts, where there was an approved subcontracting requirement, including procurement and contract elements, and subrecipient oversight of the subcontract relationship.
- Internal controls, including inventory controls over bulk purchases for program use (bus passes, etc.).
- The Fiscal Monitoring Questionnaire and Fiscal Monitoring Workbook will be used to guide, direct and document the monitoring and are incorporated by reference.

Program Monitoring Procedures

Worksystems endeavors to make program monitoring a routine part of contract management and oversight. A monitoring calendar is maintained to track formal subrecipient monitoring activities for each program year. The calendar includes subrecipients to be monitored, monitoring dates, and the program year reviewed.

Program design, delivery and procedures are reviewed, and specific monitoring undertaken to identify any insufficient program performance. I-Trac performance reports, quarterly contract reports, and subrecipient meeting notes are the primary sources of information.

Monthly

The Billing Workbook and any supporting detail as defined by the contract agreement are reviewed for compliance with budget and spend-out requirements.

Quarterly

Where contract agreements stipulate, quarterly reports are collected and reviewed to determine progress toward Statement of Work requirements, including performance.



Annual

The Program Monitor Workbook is to be used to guide, direct and document the program through a combination of desk reviews and onsite visits. Items reviewed are updated as necessary based on funding sources and program requirements and may include:

- Timely submission of Billing Workbooks and quarterly reports.
- ADA Checklist completion.
- Review of relevant program policies.
- Required compliance notices posted.
- File and eligibility documentation review.

An entrance meeting will occur with the subrecipient to explain the monitoring process and set the monitoring schedule.

File and Eligibility Review Process

Worksystems staff will utilize file review checklists to ensure appropriate reviews are conducted on documentation and eligibility elements as required by the funding source(s). An appropriate sampling of files will be reviewed to determine potential patterns of non-compliance with program documentation requirements. Under 100 enrollments five files will be selected, ten files will be selected for over 100 enrollments. If findings consistent in nature are found in one or more program areas, an increased sample is reviewed to determine the appropriate Technical Assistance or Corrective Action.

Subrecipients will be provided limited notice of the file sampling selected – no more than five business days for five files selected or 10 business days for 10 files selected– to ensure that an appropriate picture of the subrecipient’s work can be reviewed.

Fiscal and Program Monitoring Results

At the fiscal and program monitoring completion, Worksystems will provide a written monitoring report within 30 days of completion that includes any recommendations, observations, findings or required corrective action.

- If the report contains observations with required actions or findings, the subrecipient must respond in writing within 30 days of receipt.
- Worksystems will review the response and follow up with the subrecipient within two weeks of receipt.
- The subrecipient has 30 days from receipt of any communication to submit a written appeal.
- Worksystems will review any appeals and forward a determination of their disposition within 30 days of receiving them.
- Follow-up visits will be scheduled as necessary.
- A closure letter will be issued once responses and/or follow-up visits demonstrate the circumstances that contributed to the Finding(s) have been corrected and any required restitution has been made.



Monitoring Results Remedies

Remedies are actions which may be taken to correct observations and findings noted in the monitoring report. Observations and findings will be addressed with an appropriate remedy in the monitoring report. When remedies are required, communication with subrecipient staff is critical to ensure the message from Worksystems to subrecipient staff is consistent across the agency. Responsibility and oversight of remedy action, which includes responsibility for ensuring proper internal communication, rest with program or fiscal staff. Methods of remedy include:

Technical Assistance

Technical Assistance are recommendations by Worksystems to strengthen a subrecipient's administrative, fiscal or program management. Technical Assistance can be an informal process through monthly meetings with the subrecipient or a more formal process through a Technical Assistance Plan.

When elements noted as an observation or finding in the annual monitoring report require a Technical Assistance Plan to address the issue(s) the monitor staff will be responsible for developing the plan in conjunction with the appropriate Program Manager or Chief Financial Officer.

Types of elements that might require a program Technical Assistance Plan include eligibility and performance documentation, performance progress to goals, budget to spend-out rates, or program design issues. Types of elements that might require a fiscal Technical Assistance Plan include time and effort reporting and proper expense documentation.

A Technical Assistance Plan includes required actions and associated timelines necessary to make appropriate corrections to observations or findings. Progress will be reviewed regularly (the schedule to be established in the Technical Assistance Plan), and the plan is closed out when the required actions have been satisfactorily completed.

Corrective Action

If progress is not made through the Technical Assistance Plan activities or if the issue is substantive and requires an immediate corrective plan of action for resolution, a Corrective Action Plan is established and will include:

- Written explanation describing the issues contributing to the condition.
- Specific, measurable action steps taken and to be taken to correct the condition.
- Timelines for actions and improvement.
- Contractor staff responsible for actions/deliverables.
- Requires Compliance and Procurement Manager review and appropriate Program Manager or Chief Financial Officer review and approval.

The subrecipient will remain under Corrective Action until all outstanding issues are resolved and a Corrective Action resolution has been communicated. At Worksystems' discretion, the contract(s) associated with the Corrective Action may be modified in any one or more of the following areas:



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- Contract amount.
- Budget line items.
- Performance plans.
- Statement of Work.

All Corrective Action will be communicated to the Leadership team and may require engagement of the Executive Director and/or Board Chair based on the extent and nature of the required corrections. Responsibility for monitoring Corrective Action lies with the program and fiscal staff. Where corrections are not achieved in the timelines outlined, sanctions may be applied.

Sanctions

To secure compliance with Corrective Action, Worksystems may, at its discretion:

- Hold payments.
- Question and/or disallow costs. A Corrective Action Notice is issued when there are questioned and/or disallowed costs. The contractor has 30 days to respond to the Corrective Action Notice and an invoice for payment of the disallowed cost(s) will be issued by fiscal 60 days from the date the notice was issued. The Compliance and Procurement Manager will notify fiscal of this date.
- Terminate Contract.
- Determine the subrecipient is ineligible to bid for additional program funds.
- Not renew the contract in the next program year.
- Renew the contract at a modified budget and/or performance level.
- Determine the subrecipient ineligible to qualify for the Request for Proposal/Qualification and subsequent procurement in future years.
- For deliverable-based contracts when deliverables have not been met, or support details are incomplete, formal communication with the contractor is initiated to address the issues and payment will not be processed until the issues are resolved. If issues are irresolvable, written communication will inform the contractor of contract termination with either modified or no payment. Responsibility for the formal communication rests with the contract manager.

When Sanctions are being considered, the Leadership team will be notified of the proposed sanction and progress achieved to date on the sanctions. The Leadership team must approve sanctions before they are imposed. Additionally, the Executive Director may choose to notify the Board of the contract status and/or include them in proposed action and communication with the subrecipient.

Monitoring Documentation

All subrecipient monitoring documents and reports will be maintained in the subrecipient program and fiscal monitoring folders.

Evidence of deliverable completion will be maintained in the accounts payable file attached to the check documents.



Management and Board Reporting

An annual summary report of monitoring will be developed by the Compliance and Procurement Manager and Chief Financial Officer and submitted to the Leadership team and Worksystems Executive Board for review and approval. The report will include the following elements:

- Fiscal and Program monitoring elements and process
- Results Summary
- Process Change Recommendations

Tools

- Program and Fiscal Monitor Workbook
- File Review Checklists
- Fiscal Monitoring Questionnaire
- Technical Assistance Plan Notice and resolution template
- Corrective Action Notice and resolution template

References

20 CFR 683.410
2 CFR 200.331 through 333
DOL Core Monitoring Guide (2018)