Management and Oversight of Local Areas and Subrecipients
Where do I Start and How do I do it?

Presented by the U.S. Department of Labor, Employment and Training Administration
Today’s Objectives

- Identify terms and definitions
- Discuss key aspects of management of Local Areas and subrecipients
- Highlight oversight of Local Areas and subrecipients
- Connect management with oversight of Local Areas and subrecipients to improve the effectiveness of our programs
Applicable to the Management of Local Areas and Subrecipients

- Workforce Innovation and Opportunity Act
  Public Law 113–128
- WIOA Final Rule – DOL Only
  20 CFR 679.300-.370 - Purpose and Functions of the Local Board
  20 CFR 682.200 - Statewide Activities
- Uniform Guidance
  2 CFR 200.330-200.332 – Subrecipient Monitoring and Management
Key Terms and Definitions

20 CFR 675.300

Non-Federal Entity (NFE):
defined in 2 CFR 2900.2 as a State, local government, Indian tribe, institution of higher education (IHE), for-profit entity, foreign public entity, foreign organization or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

WIOA aligns with the Uniform Guidance
Key Terms and Definitions

20 CFR 675.300

Pass-Through Entity (PTE):
a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal award.

Subrecipient:
a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program, but does not include an individual that is a beneficiary of a such program.

WIOA aligns with the Uniform Guidance
Responsibilities of PTEs

- **Management** of Local Areas and subrecipients is just as important as the oversight of them.

- PTEs must ensure compliance of the Local Areas and subrecipients with the applicable regulations, laws, policies, and guidance as required by WIOA and Uniform Guidance.

  **The Local Board that oversees the Local Area is considered a subrecipient.**
Responsibilities of PTEs cont.

**WIOA**
- 20 CFR 683.400(c)(1) – Each recipient and subrecipient must monitor grant-supported activities in accordance with 2 CFR part 200.

**Uniform Guidance**
- 2 CFR 200.331(d) – Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.
Uniform Guidance provides some required factors to consider when awarding to a subrecipient (2 CFR 200.331(b)):

- Prior experience with same or similar activities
- New personnel or new systems
- Results of Federal agency monitoring
- Results of previous audits
 Responsible Subrecipients

- All requirements for your grant **flow down** to your subrecipients.

- Selecting a **responsible** subrecipient(s) will assist in the management and monitoring of it/them.

- Direct grant recipients (PTEs) must perform its **due diligence** prior to issuance of the subaward.
  - **2 CFR 200.331(b)** – Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring...
Pass-through entities should provide the following to its subrecipients:

- **Technical assistance**
  - Provide the necessary training.
  - Articulate and explain all Federal, State, and program requirements and regulations applicable to the program or grant.

- **Periodic expenditure review**
  - Examine expenditures to ensure alignment with statement of work or approved budget.

- **On-going performance management**
  - Monitor progress or program deliverables or performance goals.
Management of Subrecipients

Pass-through entities should provide the following to its subrecipients:

- **Financial and performance reporting requirements**
  - Establish a system/platform to ensure timely receipt of financial and performance data.
  - Subrecipient’s data is a major component of PTE’s reporting back to Federal award agency.

- **Annual review**
  - Review of performance and financial information.
  - All subrecipient information must be made available to the pass-through entity and Federal awarding agency.
Management of Local Areas

As a PTE, a State provides the following:

- Technical assistance
- Monitor progress towards goals specified in the WIOA Local Plan
- Examine expenditures for alignment with programmatic accomplishments
- Attest annually to the compliance of the Uniform Guidance – Single Audit, Administrative Requirements and Cost Principles
- Collect and analyze financial and performance reporting data
Poor Management

Results from poor management:

- Poor Performance
- Costs Overrun
- Late or Missing Reports
- Charging of unallowable costs

- All which may result in an ineffective use of grant funds and reducing the amount of services being delivered to the local customer (participants and employers) which may lead to:
  - Sanctions
  - Reorganization
  - Early Termination or
  - Corrective Action Plan
IF THEY FAIL, YOU FAIL

- No entity receives a “pass” on accountability.
- Funds to subrecipients are provided to meet the pass-through entity’s program and performance objectives.
- Pass-through entity is as accountable as if it were providing the service itself.
Oversight

- Identify WIOA and Uniform Guidance Requirements
- PTEs must have policy and procedures for monitoring subrecipients
- This policy should address:
  - Methods
    - Risk assessment, report review and analysis, desk review, on-site monitoring
  - Results Driven Report
  - Resolution
Applicable to the Oversight of Local Areas and Subrecipients - WIOA

Sec. 184: requires on-site monitoring of Local Areas by the State.

Sec. 185: Each State, each local board, and each recipient receiving funds under WIOA shall:
Monitor the performance of providers in complying with the terms of grants, contracts, or other agreements made pursuant to this title.
Applicable to the Oversight of Local Areas and Subrecipients - **Uniform Guidance**

2 CFR 200.331 – PTEs must:

(b) Evaluate each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring ...
Applicable to the Oversight of Local Areas and Subrecipients - **Uniform Guidance**

2 CFR 200.331 – PTEs must:

(d) Ensure funds used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; performance goals are achieved.

- Review of financial and program reports
- Ensuring timely corrective action
- Issue management decisions for findings
Oversight policies and procedures should contain the following:

- **WHO:**
  - Who does the monitoring? Who gets monitored?

- **WHAT:**
  - Which functions or activities get monitored?

- **WHERE:**
  - Which locations are monitored? What gets monitored remotely or on-site?

- **WHEN:**
  - What is the frequency of monitoring? Timeframe for timely monitoring?

- **HOW:**
  - Tools, guide, or format used? How are findings resolved?
Tools and Guides

- Risk assessment tool
- Report review and analysis tools
- Guides
- Desk monitoring guides
- On-site monitoring guide
- Report formats and templates
Trained Staff and Adequate Resources

- Provide the training needed to do the job
- Persons responsible for conduct oversight or monitoring must be knowledgeable in the:
  - Rules and regulations
  - Award terms and conditions
- Establish roles and responsibilities
- Prepare for documenting findings, corrective actions and resolution
- Assist in report writing skills
What Do I Need to Review?

- Uniform Guidance
- Applicable legislation and program regulations
- Grant Agreement
  - Program activities – allowable and unallowable
  - Cost category restrictions
  - Notice of Award
  - Statement of Work
  - Terms and Conditions
Risk Assessment

Uniform Guidance requires initial assessment of subrecipient (2 CFR 200.331)

- Prior experience with same or similar activities
- Results of previous audits
- New personnel or new systems
- Results of Federal agency monitoring
- Other factors can be considered, such as history of late reporting or others
- Used to determine special conditions
Based on results, consider **imposing conditions** (2 CFR 200.207)

**Specific Conditions:**
- Paying by reimbursements rather than advance payments
- Operating in phases
- Requiring more detailed financial reports
- Requiring additional monitoring, training or technical assistance
- Establishing additional prior approvals
- Providing training and technical assistance, on-site monitoring, agreed-upon procedures audits
Report Review and Analysis

- Assure timeliness and accuracy of reports
- Assess Progress
- Identify trends
  - Predict progress
  - Uncover problems
- Coordinate review of fiscal and program reports
  - Can reveal a more complete picture
2 CFR 200.328(b)(2) Requires performance reporting by non-Federal entities

- Submit performance reports comparing actual accomplishments to award objectives
- Unit cost computations if useful
- Performance trend data and analysis if informative
Desk Monitoring

- Alternative to, preparation for, or supplemental to on-site monitoring
- May lead to on-site monitoring

- Review of collected subrecipient information
  - To get a better sense of on-going operations
  - To identify and respond to rising issues
  - To focus future on-site reviews

- Must be documented
WIOA Requirements

20 CFR 683.400

- Review of expenditures against proper cost categories and limits specified in WIOA.
- Ensuring compliance with all requirements of WIOA section 188.
- State monitoring must include an annual review of each Local Area's compliance with the Uniform Guidance 2 CFR part 200.
On-Site Monitoring

2 CFR 200.331(d)
Non-Federal entities must monitor to ensure subaward is:

- Used only for authorized purposes
- Operating in compliance with Federal laws and regulations
- Consistent with the terms and conditions of the subaward
Writing a Result Driven Monitoring Report

The results of a monitoring should be documented in a monitoring report. The monitoring report should be:

- Be timely
- Be specific
- Be open
- Be clear
- Be consistent
- Be correct
- Be convincing
Structure of a Finding

The **4 C’s**: **Condition**, **criteria**, **cause**, and **corrective action**

- **Condition**: Describe the problem
- **Criteria**: Specify regulation/policy in question
- **Cause**: Explain why the problem exists
- **Corrective action**: Propose needed remedy
Resolution Process

- Track until corrective action is completed
- Verify on site if appropriate
- If action is not completed within required timeframe, determine appropriate action
If Corrective Action Is Not Completed

**WIOA 20 CFR 683.440**

- Resolution of findings requires State to use:
  - audit resolution,
  - debt collection, and
  - appeal procedures
  that it uses for other Federal grant programs to resolve audits, investigations, monitoring, and other oversight findings.

- If a State does not have such procedures, it must prescribe standards and procedures to be used for this grant program.
Authorized Actions to Respond to Noncompliance

- Impose special conditions per Uniform Guidance at \(2 \text{ CFR 200.207}\)
- Impose sanction per WIOA at \(20 \text{ CFR 683.410}\)
  - Temporarily withhold cash payments or place on a reimbursement basis
  - Disallow all or part of the cost of the activity or action not in compliance
  - Wholly or partly suspend or terminate grant
  - Recommend suspension or debarment proceeding be initiated by Federal awarding agency
  - Withhold further Federal awards for the project or program
  - Take other remedies that may are legally viable
Management Decisions

WIOA 20 CFR 683.420 and Uniform Guidance at 2 CFR 200.521

- No prescribed system of resolution
- Ensure corrective action
- Allow or disallow costs
- Establish debt
- Provide appeal rights

2 CFR 2900.21 (DOL exception)

- Issue management decision on audits within 12 months of audit acceptance by Federal Audit Clearinghouse (FAC)
Effective management of WIOA grants and programs will establish a framework that complements the efforts and partnerships with non-Federal stakeholders. This will strengthen program outcomes, while reducing the risk of findings and misuse through oversight.
Panel Discussion

1. What are some of the challenges you encountered overseeing local areas or other subrecipients?
2. What tools do you use to conduct oversight and monitoring activities?
3. How did risk assessments impact your selection of subrecipients?
4. What tools do you use to conduct oversight and monitoring?
5. Please explain your process for selecting and training program and fiscal monitors?
Contact Information

For questions regarding the information in presentation, send an email to*:

DOL.WIOA@dol.gov

*Please use **Oversight and Monitoring** as the subject line.
Thank you!