



## POLICIES AND PROCEDURES

<b>POLICY TYPE:</b> Finance Policy #6, Monitoring and Audit Resolution
<b>EFFECTIVE:</b> July 1, 2025
<b>SUPERCEDES:</b> July 1, 2024, Audit Resolution System – Monitoring, Corrective Actions and Audit Resolution for federal or state granted dollars

### PURPOSE

Lane Workforce Partnership (LWP) will carry out regular monitoring activities 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.

### DEFINITIONS

- **Auditee:** Any non-federal entity that must be audited under 2 CFR 200 Subpart F Audits 200.501.
- **Contract/Contractor:** See Subaward
- **Federal Award:** Federal financial assistance that a recipient receives directly from a Federal agency or indirectly from a pass-through entity, as described in § 200.101; or the cost-reimbursement contract under the Federal Acquisition Regulation that a non-Federal entity receives directly from a Federal agency or indirectly from a pass-through entity, as described in § 200.101.
- **Subaward:** An award provided by a pass-through entity to a subrecipient for the subrecipient to contribute to the goals and objectives of the project by carrying out part of a Federal award received by the pass-through entity. It does not include payments to a contractor, beneficiary, or participant. A subaward may be provided through any form of legal agreement consistent with criteria in with § 200.331, including an agreement the pass-through entity considers a contract.
- **Subrecipient:** An entity that receives a subaward from a pass-through entity to carry out part of a Federal award. The term subrecipient does not include a beneficiary or participant. A subrecipient may also be a recipient of other Federal awards directly from a Federal agency.

### REFERENCES

- Workforce Innovation and Opportunity Act (Public Law 113-128)
- 20 CFR 683.410
- 2 CFR 200.331 through 333
- Higher Education Coordinating Commission Office of Workforce Investments Policy: Monitoring, Corrective Actions, and Sanctions (08/18/2022)

## **POLICY**

LWP will comply with all applicable federal, state, and pass-through requirements regarding monitoring, audit resolution and disallowed cost recovery. This includes:

- Annual subrecipient program and fiscal monitoring to ensure the integrity of fund use 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 LWP policies and applicable laws and regulations.
- Ensuring subrecipients receiving \$1,000,000 or more in federal funds undergo a single audit per 2 CFR 200.501.
- Implementing procedures that reflect updated guidance for internal controls, questioned cost assessments, and subrecipient oversight.
- Establishing standards for subrecipient monitoring that ensure expenditures are made in proper cost categories and within cost limitations.

## **PROCEDURES**

### **1. Deliverable-Based Contract Monitoring Procedures**

LWP incorporates monitoring of deliverable-based contracts into the invoice review and payment approval process:

- All invoices/cost reports are received initially by LWP Finance for review and verification prior to final approval by the Contract Manager.
- Upon receipt of the invoice/cost report, the Contract Manager will:
  - Review contractor invoices/cost reports 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/cost report for payment.

### **2. Fiscal Monitoring Procedures**

At least annually, subrecipient financial documents, processes, policies and audits related to LWP funding are reviewed, and specific transaction monitoring is undertaken to identify any insufficiencies. Technical assistance is offered, and/or corrective action plans are developed and put in place as required.

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 and in-person, 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 and eBridge records.
- Stand-in costs, if applicable.
- 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 Monitoring Review Guide (includes both Fiscal and Program) will be used to guide, direct and document the monitoring and is incorporated by reference.

### Audit Review Process

Annually, LWP Finance Staff will review audit reports and establish an audit resolution file to document all findings, corrective actions, and decisions. Any applicable audit resolution items will be included in the annual Monitoring Results. For Audit-related findings and/or questioned costs from prior year activities, LWP will:

A. Notify Subrecipient

- Subrecipients will be sent a written Initial Determination, including:
  - Summary of findings that are applicable to LWP funds
  - List of relevant questioned costs (with amount or explanation if not specified)
  - Citation of regulations
  - Preliminary acceptance or rejection of corrective actions

B. Informal Resolution and Final Determination

- Subrecipients may provide documentation or request an informal resolution meeting.
- Documentation (e.g., sign-in sheets, notes) will be retained.
- Final Determination includes:
  - Summary of informal resolution
  - Final decisions on cost allowability and findings
  - Repayment demand if applicable
  - Debt collection process (refer to Finance Policy #2)

C. Stand-In Costs

- Stand-in costs may be proposed during resolution and must:
  - Be non-federal, actual, uncharged program costs
  - Be incurred within the same audit period
  - Be supported in financial systems
  - Not violating cost principles or limitations

### **3. Program Monitoring Procedures**

LWP endeavors to make program monitoring a routine part of contract management and oversight. Program design, delivery and procedures are reviewed, and specific monitoring undertaken to identify

any insufficient program performance. I-Trac performance reports, monthly/quarterly contract reports, and subrecipient meeting notes are the primary sources of information.

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

The Monitoring Review Guide is to be used, at least annually, to guide, direct and document the program through a combination of desk reviews and onsite and in-person visits. Items reviewed are updated as necessary based on funding sources and program requirements and may include:

- Timely submission of Invoices/Cost Reports and Program Narratives.
- 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

LWP 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. A minimum of 10% of active enrollments in each program will be selected for review. 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.

#### **4. Fiscal and Program Monitoring Results**

LWP will provide a written monitoring report within 30 days of receipt of the Monitoring Review Guide 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 15 days of receipt.
- LWP will review the response and follow up with the subrecipient within 15 days of receipt.
- The subrecipient has 30 days from receipt of any communication to submit a written appeal.
- LWP will review any appeals and forward a determination of their disposition within 15 days of receiving them.
- Follow-up visits will be scheduled as necessary.
- If necessary, LWP will issue a final closure letter.

#### **5. 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 LWP 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 LWP 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.

Technical Assistance Plans will be developed by the LWP Program Manager in conjunction with LWP Finance staff.

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 to be taken to correct the condition.
- Timelines for actions and improvement.
- Contractor staff responsible for actions/deliverables.
- Requires Director of Workforce Programs and Chief Operating 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 LWPs' discretion, the contract(s) associated with the Corrective Action may be modified in any one or more of the following areas:

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

All Corrective Action Plans will be communicated to the Executive Director and may require engagement of the Lane Workforce Council and Workforce Development 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.

## **Debt Collection**

In the event that LWP must initiate debt collection procedures, the written procedures described in LWP Finance Policy #2, Debt Collection and Sanctions will be followed.

## **Sanctions**

To secure compliance with a Corrective Action Plan, LWP 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. Questioned and/or disallowed costs will be withheld from payment or credited from the next cost report/invoice.
- 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.
- Recommend the initiation of suspension or debarment proceedings.
- 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 formal communication rests with the program manager.
- Other remedies that may be legally available.

When Sanctions are being considered, the Executive Director will be notified of the proposed sanction and progress achieved to date on the sanctions. The Executive Director must approve sanctions before they are imposed.

Additionally, the Executive Director may choose to notify the Lane Workforce Council and Workforce Development Board of the contract status and/or include them in proposed action and communication with the subrecipient.

## **6. Management and Board Reporting**

An annual summary report of monitoring will be developed by the Director of Workforce Programs and Chief Operating Officer and submitted to the Executive Director for review and approval. The report will include the following elements:

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

The final summary report will be presented by LWP staff to the LWP Executive Board during a regular meeting. The LWP Executive Board includes the Lane Workforce Council, the Chief Local Elected Official. The LWP Executive Board Chair will then include the summary report during a quarterly Lane Workforce Partnership Board of Directors meeting

## **RESPONSIBILITIES**

- Program/Contract Managers: Initiate Annual Monitoring and oversee communications.
- Director of Workforce Programs: Oversee compliance for all program related monitoring activities
- Finance Department: Track annual audits, prepare and manage annual Monitoring Review Guide.
- Chief Operating Officer: Oversees implementation and ensures updates with regulatory changes.
- Executive Director: Ensure completion of all required annual monitoring and audit resolution for LWP sub-recipients/contractors.
- Chief Local Elected Officials: Are ultimately liable for disallowed costs associated with WIOA grant agreements. Must be provided with annual monitoring summaries.

## **ISSUED**

**Revised Date: July 1, 2025**

*Tiffany Cink*

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**Tiffany Cink, Chief Operating Officer**