



Missouri Division of Workforce Development
DWD Issuance 16-2015

Issued: March 30, 2016
Effective: March 30, 2016

Subject: Statewide Sub-State Monitoring Policy

1. Purpose: This Issuance implements Division of Workforce Development (DWD) Sub-state Monitoring Policy for Local Workforce Development Areas (Area) designated under the Workforce Innovation and Opportunity Act (WIOA).¹ It includes new fiscal monitoring requirements required by WIOA and updated DWD sampling instructions.

2. Background: WIOA Section 107(d)(8) [20 U.S.C. 3122(d)(8)] mandates **program oversight** responsibilities that, in partnership with the Chief Elected Official (CEO), are inherent functions of the Local Workforce Development Board (Board) serving an Area:

The local board, in partnership with the chief elected official for the local area, shall—
(A)(i) *conduct oversight for local youth workforce investment activities authorized under section 129(c), local employment and training activities authorized under subsections (c) and (d) of section 134, and the one-stop delivery system in the local area; and*
(ii) *ensure the appropriate use and management of the funds provided under subtitle B² for the activities and system described in clause (i); and*
(B) *for workforce development activities, ensure the appropriate use, management, and investment of funds to maximize performance outcomes under section 116.³*

Subparagraphs A(ii) and B above are WIOA expansions of local oversight responsibilities beyond the previous requirements under the Workforce Investment Act of 1998⁴ that are retained in subparagraph A(i) above.

Further, U.S. Department of Labor (USDOL) regulations, at 20 CFR 683.410(a) as proposed, require:

- (a) *Each recipient and subrecipient of funds under title I of WIOA and under Wagner-Peyser must conduct regular oversight and monitoring of its WIOA and Wagner-Peyser program(s) and those of its subrecipients and contractors as required under title I of WIOA and Wagner-Peyser, as well as under 2 CFR part 200, including 2 CFR 200.327, 200.328, 200.330, 200.331, and Department exceptions at 2 CFR part 2900, in order to:*
- (1) *Determine that expenditures have been made against the proper cost categories and within the cost limitations specified in the Act and the regulations in this part;*
 - (2) *Determine whether there is compliance with other provisions of the Act and the WIOA regulations and other applicable laws and regulations;*
 - (3) *Assure compliance with 2 CFR part 200; and*
 - (4) *Determine compliance with the nondiscrimination, disability, and equal opportunity requirements of sec. 188 of WIOA, including the Assistive Technology Act of 1998 (29 U.S.C. 3003).*

¹ Pub. Law 113-128; 29 U.S.C. 3101 et seq.

² WIOA Subtitle B—Workforce Investment Activities and Providers.

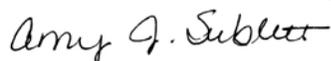
³ WIOA Section 116—Performance Accountability System.

⁴ Pub. Law 105-220.

These new regulations establish new requirements under the Uniform Guidance⁵ for sub-state monitoring according to federal cost principles and audit requirements. This includes requiring an examination of recipient and subrecipient non-discrimination and conflict-of-interest policies, and mandatory disclosures of all violations of federal criminal law involving fraud, bribery or gratuity violations potentially affecting the federal award.

3. Substance: The oversight role of the State monitoring system (DWD's monitoring of Areas) includes issuing additional requirements and monitoring instructions to subrecipients on monitoring activities.⁶ This Issuance discusses the monitoring requirements for Boards and includes an offer of technical assistance from DWD on request.
4. Action: This Issuance is effective immediately. Each Board must review its local sub-state monitoring plan for compliance with this statewide policy. The sub-state monitoring plan is a required component (Attachment 9) of the Local Plan for the Area.⁷ Incorporate any required modifications of the existing sub-state monitoring plan into the Local Plan that is submitted on or before June 1, 2016.
5. Contact: Direct questions or comments regarding this issuance to Steve Reznicek, DWD Quality Assurance Manager, at (573) 522-3015, or steve.reznicek@ded.mo.gov.
6. Reference: Authority and requirements:
- [WIOA Section 107\(d\)\(8\); 29 U.S.C. 3122\(d\)\(8\)](#)
 - [2 CFR Part 200](#)
 - [2 CFR Part 2900](#)
 - [DWD Issuance 14-2015](#), February 16, 2016
7. Rescissions: This Issuance supersedes and replaces DWD Issuance 15-2010, dated May 1, 2011
8. Attachments: Statewide Sub-state Monitoring Policy

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⁵ 2 U.S.C. Grants and Agreements, Chapter II—Office of Management and Budget Guidance, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Chapter XXIX—Department of Labor, Part 2900 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

⁶ 20 CFR 683.410(b)(6), as proposed.

⁷ DWD Issuance 14-2015, "Planning Policy and Guidelines for Missouri Local Workforce Development Boards," Feb. 16, 2016.



Statewide Sub-State Monitoring Policy

Grant recipients (direct awardees of federal funds) and Local Workforce Development Boards must develop and maintain on file written procedures for the monitoring the performance of subrecipient providers in complying with the terms of grants, contracts, or other agreements pursuant to WIOA Title I Workforce Development Activities.¹

The following minimum elements and standards must be included in the Local Workforce Development Board's (Board) sub-state monitoring plan:

1. **Responsible Representative**—Each Board should identify who will perform the oversight functions. Local policies must address the organization and (if applicable) staff position that will perform any monitoring activities. The policies should outline the method of selecting the organization or staff position designated to perform monitoring and demonstrate that monitor's independence (absence of conflict-of-interest) from the duties or systems being monitored.
2. **Accountability**—The Workforce Innovation and Opportunity Act (WIOA) mandates that the Boards, in partnership with the Chief Elected Officials (CEO), have responsibility for program oversight [referenced in WIOA section 107(d)(8)]. Monitors must submit an annual report each Program Year so the Boards and CEOs can make appropriate judgments.
3. **Compliance and Performance**—The Division of Workforce Development (DWD) requires annual monitoring reports to the Boards and CEOs regarding **compliance** with the terms and conditions of each contractual scope of work. Monitors also must provide subcontractor and Area **performance** reviews to the Boards and CEOs on an annual basis. Other areas to cover in monitoring reports are the adequacy of assessment, planning of activities and services, coordination with One-Stop System partners to meet the comprehensive needs of customers, and customer outcomes. WIOA requires that when problems are identified, prompt and appropriate corrective action be taken.²

¹ WIOA Section 185(c); 29 U.S.C. 3245(c)

² 20 CFR 683.400(d), as proposed.

4. **Compatibility**—The policies must demonstrate that the Area’s programmatic and operational oversight systems effectively measure compliance in a manner compatible with WIOA regulations and DWD policies.
5. **Quality Assurance**—Policies must include a review of program quality and provide for continuous improvement of service delivery. Area monitoring efforts should include a comprehensive examination of compliance issues cited in prior federal, State, and local reviews. A written determination should state whether corrective measures taken to address those issues have proven effective.
6. **Methodology and Target Universes**—Boards must use random-sampling techniques in participant file reviews to test **eligibility in every funding stream for which they have a contract with DWD**.

When reviewing WIOA Adult and Dislocated Worker participant records, combine the two funding streams then sample by service. Each Program Year, the Board must monitor a separate statistically valid sample of Adult and Dislocated Worker participants enrolled in **each** of the following services:

- WIOA Career-level –only enrollments (Membership)
- Classroom Training
- On-the-Job Training
- Work experience/Internship
- Supportive Services/Needs-related payments
- Any other services that result in a **direct payment** being made to, or on behalf of, a participant

The following sample sizes are required, at a minimum, depending on the universe to be reviewed. These guidelines are applicable for every sample to be reviewed.³

<u>Universe</u>	<u>Sample Size</u>
1–200	69
201–300	78
301–400	84
401–500	87
501–1,000	96
1,001–2,000	100
2,001–10,000	105

This table is for a random sampling with a confidence level of 90 percent and a margin of error of 8 percent.

³ Sample size based on algorithmic tables for simple random sampling developed by The Research Advisors, Franklin, MA ©2006. These sample sizes are increased from figures in previous guidance.

7. At a minimum, review participant records for:

- Documentation of participant eligibility and/or priority for the programs and services received;
- Orientation to services;
- Orientation of the participant to his/her rights under complaint and grievance procedures;
- Justification for the provision of Individualized Career Services or Training services;
- Method of assessment;
- Employment planning;
- Individual Training Accounts;
- Appropriateness and accuracy of participant payments (i.e., Supportive Services and needs-related payments);
- Appropriate data entry; and
- Posting of outcomes, including the attainment of a degree or certificate and any supplemental employment data.

Local monitors must ensure that Youth monitoring procedures have been adjusted to include the WIOA changes such as:

- Out-of School Youth 75% expenditure requirement
- 20% work-based learning with educational component requirement
- 5% limit on In-School Youth enrolled with the “Requires additional assistance” barrier
- 5% over-income exception, and
- New eligibility criteria and barriers

8. The Board will conduct an annual on-site **Financial Monitoring Review (FMR)** of subrecipients to ensure fiscal integrity. Additional reviews may be warranted based on evaluations of risk of noncompliance. The FMR will be performed to comply with WIOA section 184(a)(4) [29 U.S.C. 3244(a)(4)], annual DWD agreements, and 2 CFR Part 200 and Part 2900. This Review is to ensure the adequacy of internal controls and the reliability of the subrecipient’s financial management system as they relate to the administrative subaward. This Review must ensure that the subrecipient meets the terms and conditions of the subaward and the fiscal goal or requirements, and that amounts reported are accurate, allowable, supported by documentation and properly allocated. The Review must result in a written report to the Board identifying areas of noncompliance and recommendations to remedy. The FMR must include, but is not limited to, reviews of the following process:

- Audit Resolution/Management Decision
- Financial Reports
- Internal Controls
- Source Documentation
- Cost Allocation
- Cash Management
- Procurement

9. Boards must incorporate **additional financial and programmatic monitoring policies** to ensure funds intended to support stand-alone summer youth programs or other **special initiatives** are administered in accordance with contractual scopes of work. These policies are to **supplement** existing monitoring duties and should be conducted **during** program operation to assure accountability and transparency of expenditures.