

ARKANSAS MONITORING AND OVERSIGHT PROCEDURES

I. **BACKGROUND AND PURPOSE:**

The Workforce Innovation and Opportunity Act (WIOA) was signed into law on July 22, 2014. Subsequently, the Arkansas Workforce Innovation and Opportunity Act was established by Act 907 of 2015. The mission of the Arkansas WIOA program is to promote and support a talent development system that offers employers, individuals, and communities the opportunity to achieve and sustain economic prosperity. Title I-B of WIOA consists of the youth, adult, and dislocated worker programs. All WIOA title I-B funds are awarded to the state by grant, and are subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards codified at 2 CFR § 200¹ and 2 CFR § 2900. The program and grant funds are also subject to the WIOA program-specific provisions codified at 20 CFR parts 675 through 683.

As the Governor's designated administrative entity and WIOA grant recipient, the Arkansas Workforce Connections (AWC) Division of the Arkansas Department of Commerce is responsible for the oversight and monitoring of all WIOA activities carried out in the state. Monitoring is an essential part of program and financial management as it ensures substantial compliance with laws, regulations, integrated workforce plans, provider agreements, policies, procedures, Equal Opportunity (EO) components, as well as other applicable guidance. Monitoring identifies areas of strength and weakness in operations in order to improve program performance.

A. **Definitions**

- 1) Local Workforce Development Area (LWDA, local area) – The purpose of an LWDA is to serve as a jurisdiction for the administration of workforce development activities and execution of the adult, dislocated worker, and youth funds allocated by the state under WIOA title I-B. Arkansas is comprised of ten (10) local workforce development areas, as designated by the Governor. Local areas are the entities subject to monitoring for the purposes of this procedure.
- 2) Local Workforce Development Board (LWDB, local WDB, or local board) – Local workforce development boards are appointed by the chief elected official(s) in each local area in accordance with state criteria and certified by the Governor every two years. The primary purpose of the LWDB is to provide strategic and operational oversight in collaboration with the required and additional partners to develop a comprehensive and high-quality workforce development system in the local area.
- 3) Fiscal Agent – In order to assist in the administration of the grant funds, the chief elected official(s) may designate an entity to serve as a local fiscal agent. The fiscal agent receives the grant funds on behalf of the CEOs for the LWDA. Designation of a fiscal agent does not relieve the chief elected official(s) of liability for the misuse of grant funds.
- 4) Pass-through Entity – A non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program. For the purposes of this document, AWC is considered the pass-through entity.
- 5) Subrecipient – An entity that receives a subaward from a pass-through entity to carry out part of a federal award. For each LWDA, the fiscal agent, acting on behalf of the CEOs, is considered the subrecipient and AWC is the designated pass-through entity.

¹ All federal regulations are found in the Code of Federal Regulations (CFR)

- 6) Subgrant/Subaward Agreement – An award of funding provided by AWC, as the pass-through entity, to the subrecipient to carry out part of the grant program. The terms subgrant agreement and subaward agreement are used interchangeably throughout this document.
- 7) Monitoring and Compliance Team (MCT) – The team responsible for monitoring all grant activities of subrecipients. The MCT consists of the AWC Monitoring Unit, the AWC EO Office, and other AWC or contractor personnel as appropriate.
- 8) Arkansas Program, Financial, and EO Monitoring Instruments (MCT Monitoring Instruments) – Documents and tools used to guide the monitoring of local area grant activities and operations.
- 9) Designated Lead Regional Advisor (MCT Lead) – The MCT monitor designated as the lead and primary point of contact for a local area. This individual leads and coordinates monitoring efforts during a review.
- 10) Findings – Deficiencies based upon non-compliance with statutory, regulatory, or program requirements for which corrective actions may be required and/or sanctions may be imposed.
- 11) Management concerns – Deficiencies in a program noted by the MCT that are not based upon statutory, regulatory, or program requirements, but that hinder the LWDA's ability to successfully implement the provisions of WIOA.

II. **POLICY:**

In accordance with 20 CFR § 683.410, the AWC MCT will conduct annual monitoring of each LWDA to ensure substantial compliance with applicable laws and regulations, including, but not limited to 2 CFR part 200. Monitoring will consist of both desk reviews and on-site visits as well as additional special reviews, on an as-needed basis, to investigate allegations of mismanagement, gross negligence, or fraud, or to clarify questionable findings identified through reviews. The MCT and/or its contractors will use these procedures in combination with the Arkansas Program, Financial, and EO Monitoring Instruments and other supplemental working papers to perform monitoring and oversight of grant-funded activities.

In addition, all LWDAs and other entities receiving WIOA grant funds must implement written policies and procedures for self-monitoring their own WIOA activities (20 CFR § 683.220) as well as monitoring the WIOA activities of their subrecipients (2 CFR § 200.332). All monitoring processes and instruments other than Arkansas's Monitoring and Oversight Procedures and/or the MCT Monitoring Instruments must be reviewed and approved by the MCT prior to implementation. Such alternate procedures must address, at a minimum:

- A. Designation of the staff performing the monitoring review.
- B. Description of the expected scope of the monitoring review.
- C. Equivalent monitoring instrument(s).
- D. Scheduling of the monitoring review(s).
- E. Program monitoring review process.
- F. Financial monitoring review process.
- G. EO monitoring review process.
- H. Administrative and contract monitoring review process.
- I. Property control.
- J. Documentation of internal/self-monitoring.
- K. Follow-up on previously unresolved issues.
- L. Monitoring report(s).
- M. Corrective action(s), response(s), and closeout(s).

Note: Although monitoring and oversight responsibility for the local area rests with the LWDB and CEOs, this function may be contracted to another entity at the LWDA's discretion.

III. AWC MONITORING PROCEDURES:

A. Planning and Coordination

- 1) The MCT Lead assigned to the LWDA coordinates the scheduling of the monitoring review between the MCT team members and the LWDA staff.
- 2) As a courtesy, the MCT Lead will make an initial telephone contact and follow-up with a confirmation email at least six (6) weeks in advance to notify the LWDA prior to the review. The notification will include the expected scope of the review, list of requested documentation, monitoring instrument(s), and a tentative entrance conference date and time. The MCT Lead will inform the LWDA of their responsibility to complete and upload the monitoring instrument along with all other requested documentation to SharePoint or another designated location by no later than two (2) weeks after the receipt of the email notification.
- 3) The initial documentation request includes, but is not limited to the following (if not already provided in the permanent maintenance file):
 - a) A list of all training and/or work sites (youth, adults, and dislocated workers), inclusive of:
 - i. Number of participants assigned to each worksite.
 - ii. Participant(s) names.
 - iii. Participant(s) training and/or work hours.
 - iv. Work/training site contract(s) with the name of the supervisor, worksite name, telephone number, and worksite address.
 - v. Worksite agreements of the above referenced worksites.
 - b) Current contact list (i.e., case managers, office locations, addresses, and telephone numbers) for each location.
 - c) Information regarding on-the-job training (OJT) and customized training contracts, if applicable, to include:
 - i. Number of participants at each training site.
 - ii. Contract amounts and amounts expended by funding stream.
 - iii. Number of participants served to date and number of participants currently being served.
 - d) Local written policies and procedures, as applicable, including, but not limited to the following topics:
 - i. Supportive services policy and procedures, including eligibility.
 - ii. OJT, including contract procedures, if applicable.
 - iii. Occupational skills training policy and procedures.
 - iv. Incumbent worker training policy and procedures.
 - v. Registered apprenticeship policy and procedures.
 - vi. Customized training, including contract procedures, if applicable.
 - vii. Work experience policy and procedures, including contract procedures.
 - viii. Individual training account (ITA) policy and procedures.
 - ix. Local definition of self-sufficiency and procedures for use.
 - x. Veterans' priority of services policy and procedures.
 - xi. Services for adults policy and procedures, including eligibility.

- xii. Services for dislocated workers policy and procedures, including eligibility.
- xiii. Services for youth policy and procedures, including eligibility.
- xiv. Local priority of service for individuals with barriers to employment policy and procedures.
- xv. Follow-up services policy and procedures.
- xvi. Referral policy and procedures.
- xvii. Co-enrollment and co-funding policy and procedures.
- xviii. Case management policy and procedures.
- xix. Incentive policy and procedures, if applicable.
- xx. Local confidentiality policy and procedures.
- xxi. Monitoring and oversight policy and procedures, both internal and external.
- xxii. Local WIOA title I grievance and complaint procedures.
- xxiii. All financial policies and procedures, including cash management, procurement, leave, travel, etc.
- xxiv. One-stop policies and procedures.
- xxv. List of any other LWDA policies and procedures.
- e) All forms and checklists used by front-line staff and internal monitors.
- f) Organizational chart reflecting the names, areas of responsibility, and job descriptions for all employees of the entities involved in the following roles:
 - i. Staff of the LWDB.
 - ii. One-stop operator(s).
 - iii. Provider of WIOA title I-B services.
- g) Information on the LWDB, including the following:
 - i. Board member roster, listing all categories represented.
 - ii. Disclosure forms/conflict of interest.
 - iii. Proxy forms, if applicable.
 - iv. Sign-in sheets for meetings within the review scope.
 - v. Bylaws.
- h) Board meeting minutes for all associated boards, including the LWDB, CEOs, fiscal agent entity boards, etc.
- i) All agreements between entities related to governance and service provision, including, but not limited to, CEO agreement, LWDB and CEO agreement, multi-function agreement (agreements for entities with multiple roles), one-stop operator agreement, fiscal agent agreement, local area and youth elements service provider agreement(s), etc.
- j) Memorandum of understanding (MOU) and infrastructure funding agreement (IFA) for the one-stop delivery system.
- k) All requests for proposal issued for the provision of services that must be procured by competitive bidding.
- l) Internal and external monitoring reports for both program and financial operations.
- m) Chart of accounts and general ledger, including all accounts/funds through which WIOA funds are transferred (i.e., payroll, general operating, WIOA operations, etc.), in excel format.
- n) Check register, including all funds in excel format.

- o) Bank statements, including monthly reconciliation worksheets and supporting documentation for all accounts through which WIOA funds are transferred (i.e., payroll, general operating, WIOA operations, etc.).
- p) Budget-to-actual analysis.
- q) Employee handbook.
- r) Inventory list and list of equipment purchased during scope of review.
- s) All lease contract agreement(s).
- t) Supporting documentation for the selected month of monthly expenditure reports for all funds.
- u) Approved indirect cost rate and cost allocation plan, as applicable.

B. Desk Review and Preparation

- 1) The MCT reviews the participant files, supporting documentation, policies, board governance, agreements, etc. uploaded by the LWDA.
- 2) The MCT sends follow-up documentation requests that include, but are not limited to:
 - a) Selected LWDA participant files, which must include the following items:
 - i. Signed WIOA application.
 - ii. Job description for participants involved in work experience, on-the-job training, or other work-based learning activities. This must be included in the on-the-job training agreement, the work-site agreement, or in other appropriate documentation as determined by the type of activity.
 - iii. Participant Rights and Responsibilities acknowledgement.
 - iv. Personnel Policy acknowledgement.
 - v. Benefits and Working Conditions acknowledgement.
 - vi. Equal Opportunity (EO)/Grievance Procedure acknowledgement.
 - vii. Hatch Act Acknowledgement.
 - viii. Local Grievance, Complaint, and Appeals Policy and procedures.
 - ix. I-9 Form, if applicable.
 - x. Thirty (30) day review, as appropriate. This is **optional**, unless required by the LWDA. The MCT recommends that this check be incorporated into internal procedures as a safeguard against incurring disallowed costs. A 30-day review form should be developed by the LWDA.
 - xi. Time and attendance records signed by the participants and the immediate supervisor and/or instructor.
 - xii. W-4 forms – applicable to a participant receiving monetary compensation.
 - xiii. EO demographic information.
 - b) Supporting documentation for selected financial transactions, including, but not limited to, timesheets and payroll registers, invoices, receipts, etc.
- 3) The MCT also reviews the following documentation, available from other sources, including but not limited to:
 - a) Information in the permanent maintenance file.
 - b) Local and regional plan(s) and modification(s).
 - c) LWDB certifications.
 - d) Arkansas Job Center (AJC) certifications.
 - e) Performance data.
 - f) Single audit reports.
 - g) Subaward agreements.

- h) Funds utilization data.
- i) Data validation reports.

C. Entrance Conference

- 1) The MCT ensures that the LWDA Executive Director, Deputy Director, and/or WIOA Director is in attendance during the entrance conference.
- 2) At the scheduled entrance conference, the MCT members introduce themselves and inform the entity of any assistance required from the LWDA staff during the review.
- 3) The MCT Lead requests points of contact for and provides an overview of the review details including:
 - a) Scope of the review.
 - b) Monitoring instrument(s) to be used.
 - c) Status of documentation requested (i.e., received or outstanding).
 - d) Interviews to be conducted during the review.
 - e) Overall review process.
 - f) Timeframe for the review.
 - g) Worksite and training site visits.
 - h) Any other relevant information.
- 4) The MCT requests any additional documentation that will be needed during the review that has not already been requested. Such items may include, but are not limited to:
 - a) Bank collateralization.
 - b) Petty cash reconciliation and supporting documentation, if applicable.
 - c) Insurance and bonding.
- 5) The MCT Lead requests an appropriate business working area, which must allow ample space for conducting the review with wireless internet access and electrical outlets. The requested physical participant files and the designated points of contact must be easily accessible from the working area.
- 6) The MCT Lead provides a tentative schedule for worksites, training sites, and OJT sites to be visited. If any sites require notification prior to the on-site visit, the LWDA informs those sites of the upcoming visit and requests the presence and availability of all relevant staff and participants.
- 7) The MCT discusses findings and concerns from the LWDA's prior monitoring report(s) and audit(s). The MCT informs the LWDA that documentation will be reviewed to ensure all findings and concerns, especially those left unresolved pending additional review, have been corrected.
- 8) The MCT requests an overview of current LWDA program operations, contracts, activities, internal organization, and objectives of major programs.
- 9) The MCT Lead establishes a communication plan for the review. In general, the MCT will report concerns to LWDA staff as they are identified.
- 10) The MCT Lead schedules a tentative exit conference date and time and explains the following:
 - a) Potential findings will be discussed at the exit interview.
 - b) The LWDA will be provided an opportunity to discuss any potential findings or ask questions concerning the issues.
 - c) If necessary, more information may be requested and/or follow-up field work may be conducted prior to the exit conference.
 - d) Although potential findings will be discussed at the exit conference, the items of concern may not be noted as findings or management concerns in the official monitoring report.
 - e) The monitoring report will require that the monitored LWDA provide a corrective action(s) and/or response(s), as necessary, to correct the findings or concerns noted.

- 11) The MCT inquires if there are any areas of concern that the LWDA would like to address or if there are any questions prior to the commencement of the review.

D. On-Site Review and Participant Interviews

- 1) Upon arrival at a worksite, training site, or OJT site, the MCT members present introduce themselves to the site contact indicated by the LWDA. If the contact person is not available, the MCT Lead contacts other appropriate site personnel. If no appropriate personnel can be located after a reasonable effort is made, the MCT interviews participant(s) and notifies the LWDA of the situation.
- 2) The MCT conducts participant and supervisor interviews using the appropriate forms located in the monitoring instrument(s). The MCT reviews work/training site records and requests access to review:
 - a. WIOA activities and the areas of the worksite to which the participant(s) is assigned;
 - b. Worksite agreements, timesheets, sign-in sheets, EO posters, and other documentation as indicated in the participant and supervisor interview forms located in the monitoring instrument(s).
- 3) In addition to the above listed documentation, the MCT makes general observations of the site to confirm information or comments uncovered during the interview process and to ensure that all applicable training, equipment, and safety rules and regulations are being followed. Items of concern may be uncovered during this general review of sites.
- 4) The MCT reviews physical participant files to ensure their completeness and adherence to case management and file maintenance policies. The MCT ensures that all original files are returned to local area staff in the order in which they were received; copies may be made as needed.
- 5) The MCT has timely and reasonable access to interview any LWDA staff as needed, in order to assess the existing internal control structure of financial and program operations and ensure compliance with applicable regulations. Any discrepancies identified are communicated to the designated points of contact and/or LWDA management in order to obtain clarification as needed.
- 6) As part of the on-site visit, the MCT members communicate observations and areas of concern detected during the on-site and virtual desk reviews to LWDA staff. Written follow-up is provided to the LWDA staff when possible.

E. Exit Conference

- 1) The MCT prepares for the exit conference as follows:
 - a) Assembles all collected data.
 - b) Evaluates data for findings and management concerns identified during the review to determine validity.
 - c) Establishes the number of occurrences of each finding and management concern identified.
 - d) Establishes the types of findings or management concerns identified and determines all applicable regulations or citations.
 - e) Determines whether the findings or concerns have been identified during prior monitoring reviews or audits to establish whether the occurrences indicate a systemic problem.
 - f) Notes sensitive areas of concern which require the input of AWC management prior to communication to the local area.

- g) Prepares all notes and supporting documentation such that the exit conference process is conducted in a professional and efficient manner.
- h) Provides the appropriate LWDA personnel a list of any requested documentation that has not been located so the LWDA may have an opportunity to provide it.
- i) Confirms the scheduling of the exit conference with the MCT and all required LWDA staff.
- 2) The MCT conducts the exit conference as follows:
 - a) The MCT ensures that the LWDA Executive Director and/or Deputy Director and the WIOA Director is in attendance during the exit conference.
 - b) The MCT describes all items of concern identified during the review. Findings and management concerns are not identified as such during the exit conference as they cannot be considered final at this point.
 - c) The MCT requests clarification on any corrective actions that have been taken or will be taken by the LWDA in response to the problems identified above.
 - i. Corrective actions or responses submitted by the LWDA prior to a monitoring report being issued cannot guarantee that the findings or management concerns identified will not be included in the report. However, if the findings or management concerns were resolved prior to the initial report being issued, the report will indicate them as such, and that no further corrective actions or responses are required.
 - d) The MCT provides the monitored LWDA an opportunity to request clarification and information regarding any of the concerns identified and accepts any additional documentation offered by the LWDA.
 - e) The MCT gives a brief overview of the report, response, and resolution process indicated below. The MCT also describes the timeline and requirements for submission of responses by the LWDA.

F. Initial Report Issuance

- 1) The MCT prepares the written monitoring report, obtains the necessary approvals within AWC, and issues the report along with a cover letter to the LWDA. The report includes the following:
 - a) MCT members.
 - b) Purpose and general process of the review.
 - c) Overview of work completed.
 - d) List of participant files reviewed.
 - e) Findings and management concerns identified during the review.
- 2) Each finding includes the following elements:
 - a) Details regarding the condition and cause of the issue identified (i.e., what happened, why did it happen, what was the impact, etc.).
 - b) Requirements, including the specific law, regulation, policy, procedure, or other guidance that appears to have been violated must be cited.
 - c) Corrective action(s) that must be taken in order to resolve the issue.
- 3) The monitoring report identifies any questioned costs associated with certain findings including, but not limited to:
 - a) Costs resulting from a violation or possible violation of a statute, regulation, or the terms and conditions of a federal award.
 - b) Costs that are not supported by adequate documentation at the time of review.
 - c) Costs that appear to be unreasonable and do not reflect the actions a prudent person would have taken in similar circumstances.
 - d) Please note: Questioned costs are not considered disallowed costs or improper payments until they have been completely reviewed and confirmed to be improper. In instances

where procedural or performance-related corrective actions can remedy the noncompliance, those measures may be utilized. Examples include, but are not limited to:

- i. Failure to meet youth expenditure requirements related to work experience or out-of-school youth may be resolved via an alternative corrective action plan related to performance.
 - ii. Costs that were allocated incorrectly may be corrected by applying the correct allocation methodology and making financial adjustments for the difference(s).
- 4) The report is emailed to the monitored LWDA's Executive Director within 45 calendar days following the exit conference. It is the responsibility of the LWDA to ensure that the MCT has correct contact information for said individual, including their name, title, and email address.
Note: The Executive Director for the LWDA is responsible for ensuring that information related to the monitoring report is communicated to all other interested parties, including the LWDB members and the CEOs for the local area.

G. Report Resolution

- 1) The MCT schedules a follow-up virtual meeting to be held within two weeks after the issuance of the initial report. The purpose of the meeting is to discuss the status of the LWDA's response and provide any clarification or technical assistance on the issues as needed. If additional clarification is needed after the virtual meeting, it is the LWDA's responsibility to communicate the request for technical assistance to the MCT.
- 2) The LWDA has 30 calendar days from the date of receipt of the initial report to provide written responses. The responses must:
 - a) Describe the corrective action(s) taken or provide rebuttal information for each finding or management concern; and
 - b) Provide documentation where appropriate to support the corrective action(s) or rebuttal described. The supporting documentation must be labeled with the appropriate finding or management concern number.
- 3) Responses to all monitoring reports must be submitted to the Director of AWC as follows:
 - a) A PDF version on the respondent's letterhead, signed and dated by the respondent's Director; and
 - b) A Microsoft Word version, to be used by the MCT in its response.
Note: LWDA responses and correspondence must at a minimum copy the Assistant Director of Employment and Training, the LWDA Chief Elected Official (CEO) Chair, and the Local Workforce Development Board Chair.
- 4) The MCT reviews the LWDA submission to determine if the responses are sufficient to resolve the issues.
 - a) If the responses and corrective actions submitted are sufficient to resolve all outstanding issues, the closeout process in part III, section H is followed.
 - b) If additional information, documentation, or corrective actions are necessary for any of the findings or management concerns, then the MCT issues a written response within 30 calendar days from the receipt of the LWDA's response.
- 5) The MCT schedules a second follow-up virtual meeting to be held within the first two weeks after the issuance of the state's response. The purpose of the meeting is to discuss the specific steps necessary to resolve any outstanding issues.
- 6) The LWDA has 30 calendar days from the date of receipt of the state's response to submit a second written response along with any additional documentation necessary to support resolution of the issues.

- 7) The MCT reviews the LWDA second submission and issues a final determination within 30 days from receipt of the LWDA's second response. If there are any unresolved questioned costs at the time of the final determination, the costs are then considered disallowed and must be repaid by the LWDA using non-federal funds.

H. Closeout Process

- 1) If there are *no* issues identified during the monitoring review, the MCT issues a closeout letter to the LWDA in conjunction with a written monitoring report reflecting that no issues were identified.
- 2) If there *were* issues identified during the monitoring review, the MCT issues a closeout letter to the LWDA once all outstanding issues have been resolved.
- 3) The monitored LWDA has the option of appealing the final determination through the Arkansas Grievance, Complaint, and Appeals Procedure within 30 calendar days of receipt of the final determination. Refer to the most recent version of Arkansas Policy No. WIOA I-B – 6.1 *Arkansas Grievance, Complaint, and Appeals Procedure* located in the [WIOA Title I Policy Manual](#).