

**PA Department of Labor & Industry
Workforce Investment Center
Bureau of Workforce Development Partnership
WORKFORCE INVESTMENT INFORMATION NOTICE NO. 3-00 Change 2**

June 6, 2008

TO: ALL LOCAL WORKFORCE INVESTMENT BOARDS

FROM: Christine M. Enright
Director
Bureau of Workforce Development Partnership

SUBJECT: Local Area Monitoring Guidelines

INQUIRIES: Please direct any questions concerning this WIIN to the Bureau of Workforce Development Partnership by e-mail at RA-LI-BWDP-CLOCS@state.pa.us or by telephone at (717) 787-3354.

1. **Purpose.** This WIIN is intended to provide guidance to Local Workforce Investment Boards (LWIBs) and their Youth Councils regarding the minimum requirements for monitoring, oversight and evaluation necessary to ensure compliance with the Workforce Investment Act of 1998, federal regulations, and state policies. Continuous improvement and the provision of technical assistance, as needed, will result from instituting the policy in this WIIN.
2. **Reference.** Sections 183-185 and 121-134 of the Workforce Investment Act of 1998, as amended, (WIA) (P.L. 105-220, 28 USC §2801 et seq.); WIA regulations codified at 20 CFR Part 667.400 and 410; The United States Office of Management and Budget (OMB) Circulars A-21, A-87, A-102 (29 CFR 97), A-110 (29 CFR 95), A-122, and A-133 (29 CFR 99); (<http://www.whitehouse.gov/omb/circulars/index.html>); Implementation of the Nondiscrimination and Equal Opportunity Provisions of WIA, 29 CFR Part 37; One Stop Comprehensive Financial Management Technical Assistance Guide (USDOL, July 2002), Appendix E (http://www.doleta.gov/sga/pdf/FinalTAG_August_02.pdf); Pennsylvania's Financial Management Technical Assistance Guide, WIIN 2-00, Change 2 and Pennsylvania's Strategic State Workforce Investment Plan for Title I of the Workforce Investment Act of 1998 and the Wagner – Peysner Act
3. **Discussion.** The Bureau of Workforce Development Partnership is distributing the attached guidance in accordance with requirements of the WIA, which mandates LWIBs to provide oversight and monitoring of WIA-funded programs and activities. Monitoring requirements include, but are not limited to, a review of Quality Assurance (QA), Oversight, Continuous Improvement, Evaluation, Performance, and Accountability Systems.
4. **Action Required.** LWIBs are requested to widely distribute copies of this issuance to appropriate parties for monitoring, oversight, and evaluation purposes.
5. **Attachment.** Local Area Monitoring Guidelines
6. **Rescissions.** This issuance replaces WIIN No. 3-00, Change 1, dated November 2, 2004, in its entirety.
7. **Effective Date.** Upon issuance.
8. **Expiration Date.** Ongoing.

BUREAU OF WORKFORCE
DEVELOPMENT PARTNERSHIP

LOCAL AREA MONITORING GUIDELINES
Technical Assistance Guide

Effective
June 6, 2008

Edward G. Rendell, Governor
Commonwealth of Pennsylvania

Sandi Vito, Acting Secretary
Department of Labor & Industry

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GENERAL INFORMATION

The Workforce Investment Act requires a system of accountability to assess the effectiveness of State and Local Workforce Investment Boards (LWIBs) in achieving an optimum return on federal funds invested in programs and activities administered by Local Workforce Investment Areas (LWIAs). The Bureau of Workforce Development Partnership (BWDP) has established guidelines on how to achieve an effective monitoring/oversight system that ensures continuous improvement in serving program participants and customers.

I. Definition of Monitoring

Monitoring is a deliberate collection and analysis of data for the purpose of addressing an oversight function. It is a systematic review of internal and external programs and operations.

- Compliance monitoring assesses adherence to contract requirements, laws, and regulations.
- Performance monitoring measures progress toward the satisfactory accomplishment of program goals.
- Managerial monitoring places emphasis on the quality of performance and outcomes relative to costs.

II. LWIB Monitoring/Oversight Responsibilities

LWIBs, in conjunction with the Chief Elected Official, are charged with planning and ensuring that monitoring/oversight of LWIA services and activities are conducted in accordance with federal, state, and local statutory/regulatory requirements. There are several strategies for assuring the quality of administrative and program operations, and PA CareerLink activities. The four minimum requirements for monitoring/oversight at the local level are:

- Reviews of single audits;
- Reviews of quality of service to enhance program accountability;
- On-site visits to review records and documents, and to observe operations; and
- Reviews of service providers' financial and progress reports.

In addition, the above strategies also identify those service providers in need of technical assistance.

III. Methodology

The following methods are options that may be utilized:

- Further evaluations by third parties (consultants);
- Telephone calls;
- Random surveys;
- Making arrangements for limited-scope audits of specific areas;
- Checking requirements for prior approval for certain activities;

- Desk reviews of reports and statistics;
- Reviews of e-mail communications; and
- Evaluations of news stories and features about service providers.

IV. Who Must Be Monitored

LWIAs must make a distinction between subrecipients and vendors when determining who must be monitored. A vendor provides goods or services within normal business operations. It provides similar goods or services to many different purchasers, and those goods or services are ancillary to the operation of a federal program. A subrecipient is a legal entity to which an award of federal and state funds is made and is accountable to the recipient for use of the funds provided. A subrecipient performs the following activities:

- Determines eligibility for the funded program;
- Has its performance measured against the objectives of the program;
- Has responsibility for adherence to applicable federal and state program compliance requirements; and
- Uses federal and state funds to carry out a program of the organization as opposed to providing goods or services for a program.

At a minimum, all subrecipients must be monitored for compliance each program year unless the LWIA is following a risk assessment policy, as outlined in Section VIII. The monitoring process must include, but is not limited to, the elements described below:

- Fiscal and Procurement;
- Administrative and Programmatic accountability;
- Compliance with contract provisions;
- Compliance with EEO requirements; and
- Compliance with ADA requirements.

Note: For purposes of EEO & ADA requirements, and in accordance with 29 CFR 37.4, eligible providers under §122 of WIA are subrecipients.

V. Subrecipient Monitoring

Subrecipients that must be monitored for compliance include:

A. Fiscal Agents, if not part of the LWIB Staff

Workforce Investment Information Notice No. 2-03, Change 1, Local Workforce Investment Board Staffing Policy, dated August 8, 2003, provides guidance on LWIB staffing policy. It encourages Local Board and Fiscal Agent staff to be organized as a single entity for all administrative functions and advocates procuring the provision of services from other agencies. If the LWIB is already consistent with this policy guidance, then the LWIB does not need to monitor the Fiscal Agent or LWIB staff.

B. Youth Services

Youth programs/providers are to be reviewed/monitored to ensure the quality of the following items:

- Ten program design elements;
- Child Labor Law compliance;
- Individual Service Strategies, if required by local policy;
- Follow-up procedures;
- 30% Out-of-School Youth expenditures;
- Achievement of negotiated performance levels; and
- Other, e.g., EARN requirements.

C. Adult Services

This category includes programs serving WIA Adult and Dislocated Worker participants, incumbent workers, welfare recipients, and other target groups:

- Eligibility for training services, including Individual Training Accounts (ITAs), with providers on the State's Approved Training Provider list
- Coordination with Pell and other grants, if applicable;
- Coordination with other agencies serving the same target groups;
- Leveraging of resources;
- ABE/GED classes;
- Rapid Response contracts;
- OJT/Work Experience/Subsidized Employment;
- Job Readiness/Job Preparation workshops;
- Attainment of performance goals/standards; and
- Other, e.g., EARN requirements.

VI. PA CareerLink Monitoring

At a minimum, all PA CareerLinks must be monitored for compliance each program year. Monitoring of PA CareerLink activities and operations are to be conducted on an ongoing basis, as determined by the LWIB, by reviewing:

- Compliance with the following legal documents: WIA Local Plan, Resource Sharing Agreements, One Stop Service Plans, Modifications to Agreements, LWIA One Stop Partner Agreements, and LWIB/One Stop Operator Agreements;
- Adherence to the LWIA's PA CareerLink Chartering criteria;
- Customer satisfaction (both job seekers and employers);
- Progression of services (core - intensive - training);
- Evaluation of performance and operational systems;
- Qualitative and Quantitative analysis;
- Continuous improvement strategies; and
- Effective practices;

VII. Monitoring Tools

The LWIA must develop written monitoring tools that include supporting documentation. The LWIA is required to monitor internal and external LWIA programs and operations of service providers. The varying requirements of the funding streams involved must be taken into consideration when designing monitoring tools. At a minimum, monitoring tools must include information such as, but not limited to:

- Name of the agency;
- Services or activities provided;
- Total amount of the contract and sources of the WIA funding (adult, youth, dislocated worker, etc.);
- Date(s) of the monitoring activity;
- Staff interviewed; and
- A summary of the findings that include program strengths, concerns, deficiencies and areas where technical assistance may be needed.

VIII. Risk Assessments

It is recommended that LWIBs use a risk assessment approach to narrow and concentrate their scope of review. This method would not substantially increase the overall risk of negative consequences. There are four steps involved in conducting a risk assessment, and examples of pertinent questions to accomplish these steps follow. LWIBs may wish to include additional questions or add other risk factors that suit their needs.

1. Define the scope of the risk being assessed. “Which contractors involve the most risk exposing the LWIB to adverse consequences?”
2. Identify areas of possible exposure associated with taking additional risks. “What is the vulnerability of the LWIA and LWIB if contractor compliance with WIA fiscal system requirements is monitored less frequently?”
3. Identify the factors used to assess risk. “Has the contractor experienced major changes in personnel or practices since the last review? What is the structure for provision of services? Is there a history of disallowed costs? Is there a significant history of prior monitoring and/or audit findings? What is the contractor’s share of the LWIA’s allocation?”
4. Project the risk. Assign point values to the scoring system. The numerical ratings can then be used to help the LWIB determine how to allocate its monitoring resources.

Service providers may be classified as either High Risk or Low Risk for the purposes of measuring program accountability. At a minimum, High Risk providers must be monitored annually and Low Risk providers must be monitored once every two years. In any case, the LWIB has the discretion to increase monitoring frequency.

To illustrate steps 3 and 4, a sample Scoring Chart (Attachment #1), and a sample Scoring System (Attachment #2) are provided as examples of how to begin the risk assessment process.

IX. LWIB Monitoring Report

Monitoring reports/results must be made available to the LWIB. These reports will enable the LWIB to assist with strategic planning efforts, assess service providers' compliance with federal and state regulations, plan future technical assistance activities, and adjust policies to reflect emerging economic opportunities. Reports must also be forwarded to each monitored entity. If there are findings or concerns, a corrective action plan (CAP) must be submitted by the monitored entity. The CAP must be submitted to the LWIB's monitoring/quality assurance staff within 30 days of the issuance of the report. Follow-up activities must be documented and corrective action taken within 90 days of the CAP. In addition, monitoring reports, CAPs and follow-up activity must be available for state and/or federal review.

X. LWIB Plan of Action

The LWIB is encouraged to provide quality technical assistance to service providers in enhancing program performance and accountability. If deficiencies or concerns are identified, the LWIB must work closely with the service provider in correcting these issues. Service providers that exhibit a pattern of inconsistency in providing quality services should be considered during risk assessment. This action will allow monitoring staff the opportunity to make adjustments necessary to create a sound oversight system for the LWIA.

SAMPLE SCORING CHART

RISK ASSESSMENTS FOR SERVICE PROVIDERS

Risk Factors	* Provider 1	* Provider 2	* Provider 3	* Provider 4	* Provider 5
Was there a change in provider's personnel or practices since last on-site review?					
What is the structure for provision of services?					
Is there any history of disallowed costs?					
What is the extent of recent audit or monitoring findings?					
What is the Contractor's share of the local area's WIA allocation?					
**					

SAMPLE

* INSERT CONTRACTOR'S NAME

** A LOCAL AREA MAY WISH TO ADD OTHER RISK FACTORS TO THIS CHART, SUCH AS THE NUMBER OF COMPLAINTS OR PROBLEMS WITH PROPERTY MANAGEMENT.

Use the numeric scoring system on the next page, then evaluate the total scores for each contractor. A high score is an indicator of increased risk, identifying the priority for monitoring early in the process.

SAMPLE SCORING SYSTEM

FOR SERVICE PROVIDER RISK ASSESSMENTS

Was there a change in provider's personnel or practices since last on-site review?

- 15 points = Extensive change
- 8 points = Some change, not extensive
- 0 points = Little or no change

What is the structure for provision of services?

- 10 points = No services are provided directly by the contractor
- 5 points = Contractor provides some services and purchases some services
- 0 points = Contractor's staff provides all or nearly all services directly

Is there any history of disallowed costs?

- 20 points = More than one instance of disallowance
- 15 points = A single instance of disallowance
- 0 points = No disallowances have occurred

What is the extent of recent audit or monitoring findings?

- 25 points = Substantial audit or monitoring findings within the past two years
- 20 points = Some audit or monitoring findings within the past two years
- 0 points = No audit or monitoring findings within the past two years

What is the contractor's share of the local area's WIA allocation?

- 15 points = More than 25% of the LWIA's allocation
- 8 points = 10% to 25% of the LWIA's allocation
- 0 points = Less than 10% of the LWIA's allocation

Local WIBs may elect to assign point values, as they deem necessary.