



Policy Memorandum [Number provided by RPC Office]

Quality Assurance Guidelines – Effective [Date]

INTENDED AUDIENCE: AAWDC staff and subrecipients
Local Board members and contractors

SUBJECT: Quality Assurance and Monitoring

LAST REVIEWED/UPDATED: January 2018

RESPONSIBLE OFFICE: Office of Compliance

POLICY CONTACT: Compliance Manager

CANCELLATIONS

2018-04 – Quality Assurance Guidelines

STANDARD OPERATING PROCEDURES

Subrecipient Monitoring

FORMS

[List any related forms.]

Approvals

_____ President and CEO, AAWDC

_____ Chair, Local Workforce Development Board

Introduction

Monitoring can serve many purposes. Although it is most commonly used as a compliance exercise to ensure that organizations are operating within the boundaries of Federal and grant requirements, the Anne Arundel County Local Workforce Development Board believes that monitoring should be a multi-faceted management activity. Viewed through this lens, monitoring becomes an activity that links planning, program design, implementation, technical assistance, and evaluation as well as financial requirement standards.

The Local Board is responsible for monitoring the delivery of workforce development programs for businesses and participants throughout the Anne Arundel County Local Workforce Development Area. To accomplish its responsibilities, the Board is provided with staffing through the Anne Arundel Workforce Development Corporation (AAWDC). AAWDC operates as the fiscal and administrative entity for workforce development funds in Anne Arundel County under Article 3, Title 14 of the County Charter. This designation also means that AAWDC may operate initiatives outside of the Local Board's oversight.

Policy Statement

This policy covers the monitoring of the following:

- The Local Board's oversight responsibilities under the Workforce Innovation and Opportunity Act (WIOA)
- Other programs or initiatives subject to Local Board oversight, such as monitoring of the One-Stop Operator and National Dislocated Worker grants.
- Other programs or initiatives operated by AAWDC, not subject to Local Board oversight.
- Subrecipient management and oversight by either the Local Board or AAWDC

Local Board Role in Oversight and Monitoring

The Local Board's oversight responsibilities shall include:

- Conducting oversight for local youth workforce investment activities, local employment and training activities for adults and dislocated workers, and the one-stop delivery system;
- Ensuring the appropriate use and management of the funds provided for the above activities;
- Ensuring the appropriate use, management, and investment of funds to maximize performance outcomes under Section 116 of WIOA; and
- Conducting monitoring of subrecipients, pursuant to 2 CFR 200.331.

AAWDC Role in Oversight and Monitoring

As the fiscal and administrative entity for workforce development activities in Anne Arundel County, AAWDC works closely with the Local Board to monitor the financial and programmatic health of the various workforce development programs under its purview. AAWDC management has designated the Office of Compliance as the primary oversight agent responsible for monitoring and corporate compliance. As such, compliance staff will have responsibility for:

- Implementing an effective internal monitoring program that focuses on identified critical risk factors;
- Providing oversight of corrective action programs and technical assistance efforts;
- Serve as the Grant Officer on all subrecipient agreements; and
- Coordinating the corporate compliance program with the Office of Human Resources, the Fiscal Office, the AAWDC executive team, and the Corporate Board of Directors.

If an initiative is overseen by the Local Board, compliance staff shall report to the Local Board through the Governance Committee. In all other cases, compliance staff shall report to the Corporate Board of Directors through the AAWDC executive team.

The Office of Compliance will produce a monitoring guide consistent with the U.S. Department of Labor's Core Monitoring Guide. The guide will cover the following:

1. Internal monitoring, including critical risk monitoring and coordinating with outside monitors.

2. Training provider monitoring, including work-and-learn monitoring, cohort training monitoring, and coordination of the local training provider list with the state Eligible Training Provider List (ETPL).
3. Subrecipient management and monitoring, including risk assessment, on-site monitoring, and finding resolution.

Findings and Resolution

When monitoring uncovers findings, the appropriate entity will be informed. The Office of Compliance shall utilize the 4 C method for communicating findings.

- *Condition* – A clear, concise, and specific statement describing the violation.
- *Cause* – A statement that explains why the condition occurred to the extent that it is identifiable. The cause is generally a person, thing, or event that produced the condition.
- *Criteria* – The standards or legal requirements that are being violated.
- *Corrective Actions* – Actions that eliminate the cause, correct or cure the condition, and allow symptoms to disappear.

The Office of Compliance shall provide sufficient time to correct any findings and may, at its sole discretion, conduct follow-up monitoring to ensure that findings do not reoccur.

Sanctions

When the Local Board or AAWDC executive team determine that findings reveal significant potential or actual problems with a subrecipient, sanctions may be instituted. Sanctions may include, but are not limited to:

- Designation of higher level of risk status, which will result in increased monitoring or pre-approval requirements;
- Disallowance of costs associated with the violation or deficiency and recapture of expended funds associated with the violation;
- Disapproval or adjustment or requests for program funds until the violation has been corrected;
- Reallocation of unexpended or unobligated funds;
- Contract reduction/de-obligation; and/or
- Contract termination.

Serious Infractions

Certain allegations merit special attention due to the nature of the allegations and infraction. Should monitoring activities reveal allegations of fraud and abuse, misapplication of funds, and/or gross mismanagement, payments to the subrecipient will be suspended immediately. The Local Board and/or AAWDC executive team must be immediately notified. Appropriate legal counsel and other services will be engaged to resolve the allegations.

Serious infractions include:

- *Fraud and abuse* – Deliberate action in violation of statute, regulation, or grant agreement. Fraud and abuse includes, but is not limited to: indications of bribery, forgery, extortion, embezzlement, theft, kickbacks, intentional payment to a subrecipient/contractor without expectation of receiving services, and payments to “ghost” participants.
- *Misapplication of funds* – The knowing and willful use of funds, assets or property not authorized or provided for in the grant or contract. Misapplication of funds includes, but is not limited to: political patronage, use of participants for political activities, ineligible enrollees, conflicts of interest, not reporting income from Federal funds, violation and the use of funds for purposes other than those stated in grant or contract.
- *Gross Mismanagement* – Any action or situation arising out management ineptitude or oversight which leads to major violation of contract provisions and/or which severely hampers accomplishment of program goals. Gross mismanagement includes, but is not limited to: inauditable records, unsupported costs, highly inaccurate fiscal and/or program reports, payroll discrepancies, payroll deductions not paid to the Internal Revenue Service and lack of internal controls and procedures.

Related Policies and Other Resources

- *Policy Issuance 2019-07* – Monitoring, dated July 17, 2019
- The following resources have been published by the U.S. Department of Labor:
 - Core Monitoring Guide
 - Grantee Handbook
 - SMART 3.0 Grants Management Training

Revision History

<u>Policy Number</u>	<u>Date of Revision</u>	<u>Significant Change</u>
2018-04 – Quality Assurance Guidelines	1/1/2018	Requirements for oversight and monitoring of all entities in the Anne Arundel Workforce Investment Area receiving workforce development funding.

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