

Indiana Department of Workforce Development - Regulatory Oversight & Compliance
Fiscal & Administrative Monitoring Tool for PY2019

Date & Time		LWDA & Monitoring Location	
DWD Monitors		Local Participants	

Overview

This Fiscal and Administrative Monitoring Tool provides a framework for monitoring programs and activities to be performed within each Local Workforce Development Area (LWDA) under the direction and governance of the Local Workforce Development Board (WDB). The Indiana Department of Workforce Development (DWD) performs annual on-site monitoring of its subrecipients (i.e., WDBs), as required by the Workforce Innovation and Opportunity Act (WIOA) and 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Monitoring Objectives

DWD Regulatory Oversight and Compliance (ROC) Division staff will evaluate the WDB's capacity to perform financial management and administrative functions in a manner that ensures proper control of grant assets. When conducting annual desk reviews and on-site visits, a series of seven (7) elements will be used to test and verify compliance with federal, state, and local regulations:

- Element #1: Budget Controls
- Element #2: Cash Management, Cost Allocation & Cost Classification
- Element #3: Internal Controls, Record Retention & Asset Management
- Element #4: Audits & Audit Resolution
- Element #5: Subrecipient Monitoring & Audit Oversight
- Element #6: Procurement
- Element #7: Memoranda of Understanding (MOU) & Funding Agreements

Element #1: Budget Controls

Authorities

- 2 CFR 200.302(b)(5) - Financial management.

Requirements

- The WDB must have a method for tracking planned expenditures that allows for comparison between actual expenditures and planned or estimated expenditures.
- The WDB must have an approved budget that is compared to actual expenditures on a regular basis (e.g., monthly, quarterly) to determine if budget modifications are warranted.

Test Questions

- (a) Explain how the WDB reviews planned vs. actual expenditures.
 - (1) At what frequency are expenses reviewed? (e.g., monthly/quarterly/other)
 - (2) How are investigations conducted to determine the reason for significant variances between budgeted and actual costs?
 - (3) Describe the process of resolving significant variances.

Element #2: Cash Management, Cost Allocation & Cost Classification

Authorities

- 2 CFR 200.305(b) - Payment.
- 2 CFR 200.403 - Factors affecting allowability of costs.
- 2 CFR 200.404 - Reasonable costs.
- 2 CFR 200.405 - Allocable costs.
- 2 CFR 200.412-414 - Direct and Indirect (F&A) Costs

Requirements

- The WDB must have an approved indirect cost rate or cost allocation plan.
- The WDB must have written policies and procedures for distributing program costs, staff time, and general and administrative costs among programs.
- The WDB must maintain a system and methodology to ensure that grant expenditures are properly and accurately classified by the appropriate administrative and program costs categories.
- The WDB must have written accounting procedures in place to minimize time lapses between cash draws and disbursements, and ensure accountability in all cash-related activities; expenses and cash draws must be necessary, reasonable, and allocable.
- Timesheets and other written documentation must exist to support the expense and demonstrate the cost being allocated to the grant is necessary, reasonable, and is allocated based on the benefit received.

Test Questions

- (a) Does the WDB have an approved cost allocation plan (CAP)? YES NO
- (b) Does the WDB have an approved indirect cost rate? YES NO
- (c) On what basis are costs allocated?
- (d) Describe the WDB's process for documenting and supporting allocations?
- (e) Does the WDB's chart of accounts provide a method to track costs by Administration and Program categories? YES NO
- (f) How does the WDB track administrative expenditures against administrative limits to ensure they will not exceed their allowable admin cap?
- (g) Is there concern that admin activities are being improperly classified as program activities, or vice versa? YES NO
- (h) How often does the WDB draw cash, and how does it determine when and how much cash to draw?
- (i) Describe the bank statement reconciliation process.
 - (1) Does the reconciliation process account for all check numbers? YES NO
 - (2) Investigate outstanding checks after 30 / 60 / 90 days?
- (j) What is the process for managing payments received from contractors/vendors?
- (k) Describe the procedures in place to ensure debts (e.g., disallowed costs) are collected.
- (l) Describe the process (and who is involved) for determining if an expense is allocable (to the grant), reasonable, and necessary (final approval to pay)?
- (m) If an expense (e.g., \$5,000) were to be deemed disallowed, how would the WDB cover the cost to reimburse the grant?
- (n) Describe payroll processing (bi-weekly? bi-monthly?) and the payroll contractor, if applicable.
- (o) Describe how time reporting works (After-the-fact activity reports? Project allocation? Certified by employee? Reviewed/approved by supervisor?).

Element #3: Internal Controls, Record Retention & Asset Management

Authorities

- 29 CFR 95.21(b)(3) - Effective control over and accountability for all funds, property and other assets.
- 2 CFR 200.303 - Internal controls.
- 2 CFR 200.333 - Retention requirements for records.
- 2 CFR 200.82 - Protected Personally Identifiable Information (Protected PII).
- TEGL No. 39-11 - Guidance on the Handling and Protection of Personally Identifiable Information
- DWD Policy 2007-46 - Guidance on the Proper Handling of Social Security Numbers
- 2 CFR 200.310 - Insurance coverage.
- 2 CFR 200.313 - Equipment.
- 2 CFR 200.314 - Supplies.
- 2 CFR 200.420-475 - General Provisions for Selected Items of Cost
- 2 CFR 200.439 - Equipment and other capital expenditures (prior approval).
- 2 CFR 200.459 - Professional service costs.
- DWD Policy 2015-02 - Property Management/Surplus Property Policy

Requirements

- Effective control, integrity, and accountability must be maintained for all grant cash, personal property, and other grant assets.
- The WDB must have adequate safeguards for all grant property and ensure that grant dollars are used solely for authorized purposes; have mechanisms in place to prevent unauthorized purchases and disbursements of grant funds; and safeguard its cash and other assets to ensure no one person controls the order, receipt, payment, and reconciliation of an asset.
- The WDB's record retention practices must comply with applicable federal and state laws and regulations.
- The WDB must maintain a property management system in accordance with federal and state guidelines.
- The WDB must have a system in place for the acquisition, management, and disposition of equipment purchased with grant funds.

Test Questions

- (a) Describe the journal entry and approval process. Where is this documented?
- (b) Describe how duties are adequately separated to ensure a single individual is not requesting, authorizing, issuing, and reconciling payments. Where is this documented?
- (c) Describe the security strategies in place for computer systems and employee access, and how these are monitored to minimize threats or breaches. Where is this documented?
- (d) Describe the WDB's record retention policies and practices. Where is this documented?
- (e) Describe specifically how Protected PII is handled. Where is this documented?
- (f) Describe the WDB's inventory control system and how it ensures adequate safeguards to prevent loss, damage, and theft of the property. Where is this documented?
- (g) Describe the WDB's property disposition procedure. Where is this documented?

Element #4: Audits & Audit Resolution

Authorities

- 2 CFR Part 200, Subpart F - Audit Requirements
- 2 CFR 200.501 - Audit requirements.
- DWD Policy 2016-03 - Grantee and Grantee Sub-Recipient Audit Requirements

Requirements

- The WDB must have and maintain a system for an annual independent audit of financial activity and resolution of findings.

Test Questions

- (a) What is the status of the WDB's PY2018 Single Audit?
- (b) The WDB's PY2018 Single Audit must be completed in a timely manner, no later than nine (9) months after the end of the entity's fiscal year.
Is the WDB on track for completion? YES NO Audit is scheduled in-process completed
- (c) The WDB's PY2018 Single Audit must be submitted to DWD within the earlier of 30 days after the receipt of the auditor's report, or nine (9) months after the end of the audit period (March 31, 2020).
Is the WDB on track for submission by the deadline? YES NO
- (d) Explain any *significant deficiencies* or *material weaknesses* identified in the WDB's PY2018 Single Audit, as applicable.

Element #5: Subrecipient Monitoring & Audit Oversight

Authorities

- 2 CFR 200.330 - Subrecipient and contractor determinations.
- 2 CFR 200.331 - Requirements for pass-through entities.
- 2 CFR 200.345 - Collection of amounts due.
- 2 CFR 200.410 - Collection of unallowable costs.
- DWD Policy 2015-06 - Interim Monitoring Policy

Requirements

- The WDB is responsible for the administration and oversight of its federal awards and subawards to subrecipients that support programs and activities within the Local Area. The WDB must monitor its subrecipients according to federal and state guidelines to ensure compliance with applicable requirements and performance expectations, and must resolve all compliance findings of its subrecipients. Additionally, the WDB, as a pass-through entity, must monitor its subrecipients and ensure required Single Audits are conducted and properly resolved in a timely manner.
- Written monitoring tools and procedures must be used to monitor all elements of the grant Statement of Work (SOW) against performance objectives and compliance with uniform administrative requirements.
- The WDB is aware of and has met the financial system specifications, including established processes for debt collection.

Test Questions

- (a) Describe the WDB's subrecipient monitoring process.
- (1) Does the WDB have a subrecipient monitoring POLICY? YES NO
- (2) Does the WDB have a subrecipient monitoring TOOL? YES NO
- (b) Are there fiscal and program components within the WDB's subrecipient monitoring process? YES NO
- (c) Does the WDB monitor its subrecipient(s) on at least an annual basis? YES NO
- (d) Who conducts program monitoring of the:
- (1) OSO?
- (2) Service Provider?
- (e) Who conducts fiscal monitoring of the:
- (1) OSO?
- (2) Service Provider?
- (f) Does the WDB issue written monitoring reports to its subrecipients? YES NO
- (g) How soon after subrecipient monitoring are reports issued?
- (h) Describe how subrecipient monitoring findings are resolved.
- (i) Describe the system the WDB has in place to ensure subrecipient Single Audits are conducted and resolved.
- (j) Describe the WDB's subrecipient risk assessment process.
- (1) Does the WDB have a risk assessment POLICY? YES NO
- (2) Does the WDB use a risk assessment TOOL? YES NO

Element #6: Procurement

Authorities

- 2 CFR 200.317-326 - Procurement Standards
- 2 CFR 200.317 - Procurements by states.
- 2 CFR 200.318 - General procurement standards.
- 2 CFR 200.326 - Contract provisions.
- 2 CFR 200.310 - Insurance coverage.
- 2 CFR 200.313 - Equipment.
- 2 CFR 200.314 - Supplies.
- 2 CFR 200.420-475 - General Provisions for Selected Items of Cost
- 2 CFR 200.439 - Equipment and other capital expenditures (prior approval).
- 2 CFR 200.459 - Professional service costs.
- DWD Policy 2015-02 - Property Management/Surplus Property Policy

Requirements

- All procurement actions must be conducted in a manner that provides for full and open competition.
- The WDB must follow its own procurement procedures which reflect applicable federal, state, and local laws, regulations, and standards.
- The WDB must maintain a system for the administration of contracts, including appropriate contract or subrecipient clauses.
- The WDB and LWDA must maintain written standards for conflict of interest (COI) that govern the actions of its officers, employees, and agents engaged in the selection, award, and administration of contracts, and provide for disciplinary actions to be applied for violations.
- All purchase and procurement file documentation must clearly show justification for each transaction, and adequately describe and support the expense as proper, reasonable, and necessary to the program. Every financial transaction must be supported by documentation proving reasonableness, allocability, and allowability of the cost in accordance with federal regulations.
- The WDB, as applicable and required, must seek and receive written approval prior to purchasing equipment, and must maintain written evidence of prior approval received for items purchased with grant funds.

Test Questions

- (a) Describe the WDB's procurement activities and processes, and how it ensures full and open competition.
- (b) Describe how procurement activities are separated so there is no conflict of interest.
- (c) How often are the WDB and LWDA procurement policies/procedures reviewed and updated?
- (d) Who within the WDB and LWDA are involved in procurement/RFP, selection, award, or contract administration processes?
- (e) Who specifically is covered by a WDB or LWDA COI policy/procedure?
- (f) Describe the process the WDB uses for collecting signed COI statements from WDB officers, employees, and agents?
- (g) Describe the process the WDB uses to determine when pre-approval for equipment purchases is required, and how pre-approval is obtained.
- (h) Are there any currently active RFPs? YES NO
 - (1) If yes, please submit each published RFP and its announcement/publication detail to oversight@dwd.in.gov.
- (i) Are there new contracts for PY2018 or PY2019? YES NO
 - (1) If yes, please submit the complete procurement packet (i.e., RFP, RFP announcement/publication, individual scoring sheets and summary sheet, local COI policy/procedure, signed COI documents, and signed/fully-executed contract) to oversight@dwd.in.gov.

Element #7: Memoranda of Understanding (MOU) & Funding Agreements

Authorities

- WIOA Sections 121 and 134
- WIOA Joint Rule for Unified and Combined State Plans, Performance Accountability, and One-Stop System Joint Provisions: Final Rule at 20 CFR 678.500, 34 CFR 361.500, and 34 CFR 463.500
- Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) at 2 CFR Parts 200 and 2900
- TEGL No. 16-16 - One-Stop Operations Guidance for the American Job Center Network
- TEGL No. 17-16 - Infrastructure Funding of the One-Stop Delivery System
- DWD Policy 2018-04 - Memoranda of Understanding and Infrastructure/Additional Costs Funding Guidance

Requirements

- The WDB must develop and finalize an MOU with each required partner to coordinate the operation of the local one-stop delivery system, provision of programs and services, and apportionment of costs, including Infrastructure Funding Agreements (IFA) and Additional Cost Funding Agreements.

Test Questions

- (a) Discuss the WDB's MOU and associated funding agreements process, including the current status, challenges, successes, etc.

Noteworthy Fiscal or Administrative Best Practices

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Comments

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