

# DIRECTIVE

## WORKFORCE INVESTMENT ACT

Number: WIAD00-7

Date: April 10, 2001  
69:50:va:4379

TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: STANDARDS FOR OVERSIGHT AND INSTRUCTIONS FOR SUBSTATE  
MONITORING

### EXECUTIVE SUMMARY:

#### Purpose:

This directive transmits general standards for the Local Workforce Investment Board (Local Board) oversight responsibilities regarding the Workforce Investment Act (WIA) and provides instructions for the development of substate monitoring plans to implement those standards.

#### Scope:

The standards in this directive apply to all WIA subrecipients.

#### Effective Date:

This directive is effective upon its release.

### REFERENCES:

- WIA Sections 117(d)(4), 184(a)(2)(A), 184(a)(3)(A), and 184(a)(5)(A)
- Title 20 Code of Federal Regulations (CFR) Sections 667.400(c)(1), 667.410(a), and 667.410(f)(6)
- Title 29 CFR Parts 95 and 97
- Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions
- OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments
- OMB Circular A-122, Cost Principles for Non-Profit Organizations
- OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations
- WIA Directive WIAD00-2, Subject: Procurement (August 24, 2000)
- WIA Directive WIAD00-4, Subject: Nondiscrimination and Equal Opportunity Procedures (November 16, 2000)

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## **STATE-IMPOSED REQUIREMENTS:**

This directive contains some State-imposed requirements. These requirements are indicated by ***bold, italic*** type.

## **FILING INSTRUCTIONS:**

This directive finalizes WIA Draft Directive WIADD-9 issued for comment on March 5, 2001. Retain this directive until further notice.

## **BACKGROUND:**

The WIA Section 117(d)(4) requires that the Local Board, in partnership with the Chief Elected Official (CEO), shall conduct oversight of the WIA programs and the One-Stop delivery system in the local area.

The WIA Section 184(a)(2)(A) requires that each State and local area (including the CEO for the area) and provider receiving funds under Title I shall comply with the applicable uniform cost principles included in the appropriate OMB circulars for the type of entity receiving the funds. Section 184(a)(3)(A) requires that each State and local area (including the CEO for the area) and provider receiving funds under Title I shall comply with the appropriate uniform administrative requirements for grants and agreements applicable for the type of entity receiving the funds, as promulgated in OMB circulars or rules.

Title 20 CFR Section 667.200 sets forth the general fiscal and administrative rules applicable to the use of WIA Title I funds. It stipulates that entities receiving WIA Title I funds must follow the uniform administrative cost requirements at Title 29 CFR Part 95 or Part 97, as applicable to their type of organization. For nonprofit organizations, the applicable requirements are at Title 29 CFR Part 95. For governmental units, the applicable requirements are at Title 29 CFR Part 97. Title 29 CFR Parts 95 and 97 may be accessed at <http://www.edd.ca.gov/wiarep/wiarico.htm>. Section 667.200 further identifies applicable OMB circulars regarding allowable costs for various types of organizations. Allowable costs for institutions of higher education must be determined under OMB Circular A-21. Allowable costs for State, local, and Indian tribal governments must be determined under OMB Circular A-87. Allowable costs for nonprofit organizations must be determined under OMB Circular A-122. The OMB circulars may be accessed at <http://www.whitehouse.gov/omb/>.

Title 20 CFR Section 667.400(c)(1) requires that subrecipients must continuously monitor grant-supported activities in accordance with the uniform administrative requirements at Title 29 CFR Parts 95 and 97, as applicable. Title 20 CFR Section 667.410(a) requires that each subrecipient must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors. The purpose of this requirement is to ensure that expenditures meet the cost category and cost limitation requirements of WIA and the regulations, that there is compliance with other provisions of WIA and the regulations and other applicable laws and regulations, and to provide technical assistance as needed.

The OMB Circular A-133 requires subrecipients to ensure that the procurement, receipt, and payment for goods and services received from vendors complies with laws, regulations, and the provisions of vendor contracts and agreements. The WIA Directive

WIAD00-2 provides combined State and federal guidance regarding the procurement of goods and services.

The WIA Directive WIAD00-4 provides guidance regarding nondiscrimination and equal opportunity in contracts, job training plans, and policies and procedures.

Title 20 CFR Section 667.410(f)(6) states that the Governor may issue additional requirements and instructions to subrecipients regarding monitoring activities.

## **POLICY AND PROCEDURES:**

### **A. Definitions**

Subrecipient means a nonfederal entity that expends federal awards received from a pass-through entity to carry out a federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency (OMB Circular A-133).

Vendor means a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of the federal program. These goods or services may be for an organization's own use or for the use of beneficiaries of the federal program (OMB Circular A-133).

### **B. Standards for Local Board Oversight**

The Local Board, in partnership with the CEO, shall oversee activities funded under WIA Title I, conducted under the local plan established pursuant to WIA Section 118. In addition, the Local Board, in partnership with the CEO, shall oversee activities of the One-Stop delivery system established pursuant to WIA Section 121. The monitoring and oversight must be consistent with the requirements stated in WIA and its associated regulations, as well as other relevant regulations and OMB circulars (see *Background*). The Local Board and the CEO must determine whether oversight will be conducted independently, jointly, or delegated to an appropriate entity. The oversight shall include the following:

1. ***Onsite monitoring of all subrecipients must occur at least once each program year.***
2. ***Where WIA administrative entities are parties to contracts that serve multiple Local Workforce Investment Area (LWIA) jurisdictions, the affected areas must coordinate and jointly establish procedures for monitoring multiple LWIA contracts.***
3. The assurance that the procurement, receipt, and payment for goods and services received from vendors complies with laws, regulations, and the provisions of vendor contracts and agreements (OMB Circular A-133).
4. The assurance that the Local Workforce Investment Area and its subrecipients comply with federal and State requirements regarding nondiscrimination and equal opportunity (WIA Directive WIAD00-4).

### C. Instructions for Developing Substate Oversight and Monitoring Plans

The Local Board, in partnership with the CEO, must develop plans and procedures for the monitoring of subrecipients, oversight of the One-Stop delivery system, and the oversight of vendors, in accordance with policies developed by the Local Board which are based on the Governor's standards for Local Board oversight. The development of monitoring plans may be delegated to the WIA administrative entity by local agreement. In addition to incorporating the Local Board's policies, the substate oversight and monitoring plans must:

1. **Identify procedures for monitoring of all subrecipients at least once each program year.**
2. **Require that the onsite review of each subrecipient is both fiscal and programmatic, consistent with the requirements stated in Title 20 CFR Sections 667.400(c)(1) and 667.410(a). If the subrecipient's administrative office/fiscal department is separately located at an inaccessible site (i.e., out-of-state or not within a reasonable commute outside of the workforce investment area), the WIA administrative entity must require that copies of fiscal records of a sufficient nature and sample size are sent to the subrecipient's local office or directly to the WIA administrative entity for review.**
3. **Require that monitoring of subrecipients follow a standardized review methodology that will result in written reports which record findings, any needed corrective actions, and due dates for the accomplishment of corrective actions.**
4. Require systematic follow-up to ensure that necessary corrective action has been taken [WIA Section 184(a)(5)(A)].
5. Identify procedures for the oversight of the One-Stop delivery system [(WIA Section 117(d)(4)].
6. Describe procedures to assure that the procurement, receipt, and payment for goods and services received from vendors, including on-the-job training employers, are in accordance with laws, regulations, and the provisions of contracts or agreements (OMB Circular A-133). While vendors are not subject to the scope of the monitoring requirements for subrecipients, LWIAs are responsible for ensuring compliance regarding vendor transactions. The procurement of goods and services from vendors must comply with federal and State requirements in the WIA Directive WIAD00-2.
7. Require that a system is in place to ensure that the Local Workforce Investment Area and its subrecipients comply with the requirements in WIA Directive WIAD00-4, regarding nondiscrimination and equal opportunity.
8. Require that all written reports and other documentation pertaining to monitoring and other oversight activities must be made available for review by federal and State officials [Title 29 CFR Sections 95.53(e) and 97.42(e)].

9. Require that reports and other records of monitoring activities must be retained for three years from the date of submission of the final expenditure reports regarding the funding sources monitored. If any litigation, claim, audit or other action involving the records has been started before the expiration of the three-year period, the records must be retained until completion and resolution of all such actions or until the end of the three-year period, whichever is later [Title 29 CFR Sections 95.53(b) and 97.42(b)(c)].

**ACTION:**

Establish or revise local oversight and monitoring plans, policies, and procedures in accordance with the requirements of this directive. Bring this directive to the attention of all appropriate staff.

**INQUIRIES:**

If you have any questions, please contact your regional advisor at (916) 653-6347.

/S/ BILL BURKE  
Chief