

# Oklahoma Employment Security Commission



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## OKLAHOMA EMPLOYMENT AND TRAINING ISSUANCE # 08-2006, Change 1

**TO:** Chief Local Elected Officials  
WIA Fiscal Agents  
WIA Board Chairs  
WIA Board Staff

**FROM:** Richard J. Gilbertson, Director  
Workforce Integrated Programs Division

**DATE:** March 21, 2008

**SUBJECT:** Governor's Oversight and Monitoring Plan

**PURPOSE:** To transmit the Governor's instructions for developing and implementing an Oversight and Monitoring plan for recipients of federally-funded programs and grants administered by the Oklahoma Employment Security Commission (OESC). This issuance also details the Governor's standards for local oversight and monitoring. Changes to the preceding issuance contained herein do not reflect new policy but are intended to make this issuance more consistent with OESC's integrated service initiative.

**BACKGROUND:** The Governor's Oversight and Monitoring Plan is established by authority set forth under the Workforce Investment Act (WIA) of 1998, the rules promulgated thereunder, and the Rules for the Administration of the Oklahoma Employment Security Act.

Pursuant to the Workforce Investment Act, the Governor of Oklahoma is responsible for the development of the State monitoring system. As a component of that system, the Governor has assigned OESC oversight and monitoring responsibilities for workforce-related grants, programs and activities established and funded by the U.S. Department of Labor and administered by the State. Applicable programs, activities and governing regulations include:

- Programs authorized under title I of WIA, serving:
  - Adults;
  - Dislocated workers;
  - Youth;
- Programs authorized under the Wagner-Peyser Act (29 U.S.C. 49 *et seq.*); (WIA sec. 121(b)(1)(B)(ii));

- Senior community service employment activities authorized under title V of the Older Americans Act of 1965 (42 U.S.C. 3056 *et seq.*); (WIA sec. 121 (b)(1)(B)(vi));
- Trade Adjustment Assistance and NAFTA Transitional Adjustment Assistance activities authorized under chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 *et seq.*); (WIA sec. 121(b)(1)(B)(viii));
- Activities authorized under chapter 41 of title 38, U.S.C. (local veterans' employment representatives and disabled veterans outreach programs); (WIA sec. 121(b)(1)(B)(ix));
- Programs authorized under State unemployment compensation laws (in accordance with applicable Federal law); (WIA sec. 121(b)(1)(B)(xii)).

The above regulations summarize the roles of each administrative level to ensure a comprehensive monitoring and oversight system.

**MESSAGE:** The Governor establishes herein the general procedures and standards for the Oklahoma Employment Security Commission, Local Workforce Investment Boards (LWIBs), and local area subrecipients/subgrantees (i.e., fiscal agents) to conduct monitoring and oversight activities for the programs and activities cited above. These procedures and standards also apply to financial oversight and monitoring activities for fiscal agents under authority set forth in 20 CFR Part 652 Section 667.410 and 29 CFR Parts 95 and 97.

**ACTION:** File this official policy and share it with all interested staff and partners.

**RESCISSION:** This document replaces OETI 08-2006 dated October 31, 2006.

**CONTACT PERSON:** John Priddy, Workforce Quality Division, (405) 557-5354 or [john.priddy@oesc.state.ok.us](mailto:john.priddy@oesc.state.ok.us).

**ATTACHMENT:** Governor's Oversight and Monitoring Plan

## STATE OF OKLAHOMA

### GOVERNOR' S OVERSIGHT AND MONITORING PLAN

#### I. AUTHORITY

Pursuant to the Workforce Investment Act (WIA) of 1998 (20 CFR Part 652 Section 667.400 (c) (2)), the Governor of the State of Oklahoma is responsible for developing a State Monitoring Plan requiring each local area to be monitored at least once a year. The plan must also require the collection and review of sufficient information to enable the Governor to determine whether local boards and subrecipients/subgrantees (i.e., fiscal agents) have demonstrated substantial compliance with WIA requirements. This plan will enable the Governor to ensure the State Monitoring system meets the requirements of 20 CFR Part 652 Section 667.410 (b) (2). In accordance with 20 CFR Part 652 Section 305(a)(1), local boards are responsible for conducting oversight and monitoring of the One-Stop system, youth activities and employment and training activities under title I of WIA. Similarly, at 20 CFR Part 652 Section 667.400(c)(1), fiscal agents are required to continuously monitor grant-supported activities in accordance with the uniform administrative requirements found at 29 CFR Parts 95 and 97, as applicable, including the applicable cost principles indicated at 29 CFR 97.22(b) or 29 CFR 95.27, for all entities receiving WIA title I funds.

#### II. THE GOVERNOR' S STATE OVERSIGHT AND MONITORING PLAN

##### A. Introduction

The Governor must be able to demonstrate, through a plan or otherwise, that the State monitoring system meets the following requirements:

1. Provides for annual on-site monitoring reviews of local areas' compliance with Department of Labor (DOL) uniform administrative requirements.
2. Ensures that established policies to achieve program quality and outcomes meet WIA objectives and regulations including policies relating to: the provision of integrated services delivery by One-Stop Centers, eligible providers of training services, and eligible providers of youth activities.
3. Enables the Governor to determine if subrecipients and contractors have demonstrated substantial compliance with WIA requirements.
4. Enables the Governor to determine whether a local plan will be disapproved for failure to make acceptable progress in addressing deficiencies.

5. Enables the Governor to ensure compliance with WIA nondiscrimination and equal opportunity requirements.

The State must conduct an annual on-site monitoring review of each local area's compliance with DOL uniform administrative requirements, including the appropriate administrative requirements for fiscal agents and the applicable cost principles described in 20 CFR Part 652 Section 667.200 for all entities receiving WIA title I funds.

The Governor must require that prompt corrective action be taken if any substantial violation of standards identified in 20 CFR Part 652 Sections 667.410 (b) (2) or (3) is found.

The Governor must impose sanctions provided in WIA section 184 (b) and (c) in the event of a subrecipient's failure to take required corrective actions under 20 CFR Part 652 Section 667.410 (b) (4).

The Governor may issue additional requirements and instructions on monitoring activities to local areas.

The Governor must certify to the Secretary of the U.S. Department of Labor every two years that:

1. The State has implemented uniform administrative requirements.
2. The State has monitored local areas to ensure compliance with uniform administrative requirements.
3. The State has taken appropriate corrective action to secure such compliance.

B. Purpose

The primary purpose of the Governor's directed oversight and monitoring activities is to ensure that local area boards and fiscal agents operate programs and provide integrated services delivery efficiently and effectively in compliance with all applicable laws, regulations, uniform administrative requirements, and State and locally-established policies.

C. Process/Methodology

Oversight and monitoring will focus on local areas' systems to ensure acceptable standards for fiscal accountability, program administration, procurement, and integrated services delivery are established and in practice. Oversight and monitoring will be conducted to ensure compliance with applicable uniform administrative requirements; to identify system strengths, weaknesses, required corrective actions, and trends requiring State action; and to gather and share best practices throughout the State's workforce community.

### **III. STATE ORGANIZATION, OVERSIGHT AND MONITORING RESPONSIBILITIES**

#### **A. Introduction/Staffing**

The Governor has assigned the Oklahoma Employment Security Commission (OESC) Workforce Quality Division the responsibility for oversight and monitoring of all programs administered by OESC, including One-Stop Delivery Systems.

Local areas shall provide Workforce Quality Division with up-to-date copies of all local areas' plans, contracts, memorandums of understanding, grants, subgrants, reports, records, and files applicable to programs administered by OESC. At the beginning of each program year local areas shall review the above noted documents and ensure through written correspondence that Workforce Quality Division possesses up-to-date copies. Local areas will immediately forward by mail to Workforce Quality Division paper copies of new documents (e.g., contracts), documents identified by Workforce Quality Division as missing from its files, and any revisions to documents Workforce Quality Division has previously received. Local areas shall provide Workforce Quality Division with all pertinent work papers, correspondence, and reports relating to the particular local area being monitored. Local areas shall also place Workforce Quality Division on routing lists to receive official copies of any regulations; issuances; changes to plans, contracts, memorandums of understanding, grants, subgrants, reports and records; and correspondence pertinent to all programs administered by OESC. Copies of regulations, issuances, policies, procedures, reports, board minutes and correspondence submitted by local workforce investment boards (LWIBs), boards' staffs, and fiscal agents to Workforce Quality Division must be signed and/or accompanied by signed cover letters attesting to official board approval.

#### **B. Administrative Procedures of the Workforce Quality Division**

##### **1. Overall Responsibilities**

Workforce Quality Division will prepare and distribute annual monitoring schedules near the beginning of each program year, along with a monitoring instrument for information and self-assessment. Workforce Quality Division will provide by separate correspondence instructions on required documents to be submitted to Workforce Quality Division at least thirty (30) days prior to scheduled on-site monitoring visits, and a listing of documents which must be available to monitors upon their arrival. Workforce Quality Division will identify a comprehensive One-Stop Center in the workforce investment area where on-site System monitoring will be conducted, and will issue monitoring reminders to the LWIB Staff prior to scheduled on-site monitoring visits.

Workforce Quality Division staff will utilize a monitoring instrument as the foundation for oversight/monitoring activities, and will include review of locally-provided supporting source documentation to determine each compliance area.

Workforce Quality Division staff will provide limited technical assistance throughout the duration of on-site monitoring visits.

Specific areas of emphasis are contained within the compliance-monitoring instrument and consist of:

- a. System Administrative and Effectiveness Monitoring
  - 1) Local Workforce Investment Board (LWIB) By Laws, Composition, Minutes, Re-certification and Oversight and Monitoring Responsibilities.
  - 2) Local agreements.
  - 3) Memorandums of Understanding (MOU).
- b. Fiscal Compliance Oversight and Monitoring
  - 1) Fiscal agent Operational Policies and Procedures.
  - 2) Accounting System, Entries, and Documentation.
  - 3) Procurement Methods and Documentation.
  - 4) Contracts Verification (Purchase, Rent, Leases).
  - 5) Internal controls.
  - 6) Personnel and payroll records.
- c. Program Administrative and Effectiveness Monitoring
  - 1) Integrated delivery of adult and dislocated worker services and youth services funded by the Workforce Investment Act and the Wagner-Peyser Act.
  - 2) National Emergency Grants.
  - 3) Trade Adjustment Act Grant.
  - 4) Veterans' employment services.

## 5) Senior Community Service Employment Program.

### 2. Scheduling

Each local area will be monitored on-site by Workforce Quality Division at least once during the program year (i.e., July 1 – June 30) in each of the three areas identified above.

### 3. Entrance/Exit Conferences

Prior to the start of each on-site monitoring review the monitoring team leader will hold an entrance conference with the board staff, fiscal agent, and other interested parties to establish the purpose, parameters and time frame of the visit. At that time any relevant information will be discussed which may enhance the effectiveness of the review. Also, all previously requested documents must be available for distribution including items to be retained by the monitoring team.

Following the monitoring review an exit conference involving the monitoring team, board staff, fiscal agent, and other interested parties will be conducted to discuss any issues which may result in findings. A brief written synopsis of issues discussed will be provided for future reference to the board staff and fiscal agent.

### 4. Reporting/Distributing Reports

In accordance with the Rules for the Administration of the Oklahoma Employment Security Act, the Director of Workforce Quality will issue electronically and in paper format a report within a reasonable time frame following the monitoring review to the Chief Local Elected Official (CLEO), local board chair, board staff and fiscal agent after each monitoring review. The report will include a written summary identifying system strengths (for possible promotion as State-wide best practices), weaknesses, noncompliance findings supported by citations and required corrective actions, and any findings common to preceding years' reviews which may suggest trends warranting additional local or State corrective measures.

The CLEO, local board and fiscal agent have thirty (30) days from the date of the monitoring report to submit a single coordinated area response to designated portions of the monitoring report to the Director of Workforce Quality. The response must be submitted electronically and in paper formats using the template provided by Workforce Quality Division and must contain all additional information, documents, or arguments the CLEO, local board and fiscal agent want the Director of Workforce Quality to consider in making his initial monitoring

determination. Only paper copies of documents submitted as exhibits in support of responses to monitoring report findings are required. Documents submitted as exhibits must be so organized and referenced as to facilitate easy identification and analysis by Workforce Quality Division monitors.

An entity submitting a response to the monitoring report may request in writing an additional thirty (30) day time period. The Director of Workforce Quality will determine if additional time will be allowed and advise the entity in writing of his or her decision. The Director of Workforce Quality may request additional information from the entity submitting a response if clarification is needed.

The Director of Workforce Quality is responsible for monitoring resolution. Resolution of a monitoring finding is required when there are disallowed/questioned costs and/or administrative deficiencies.

The Director of Workforce Quality may schedule or the CLEO, local board or fiscal agent may request, an informal resolution conference in order to discuss the findings in the monitoring report. The request for the informal resolution conference should be submitted to the Director of Workforce Quality prior to the first thirty (30) day deadline.

The Director of Workforce Quality shall issue an initial determination within sixty (60) days from the date the response is received. The CLEO, local board and fiscal agent have thirty (30) days from the date of the initial determination to submit their single coordinated response to the initial determination to the Director of Workforce Quality. As with response to the monitoring report, response to the initial determination must be submitted in both electronic and paper formats, with any supporting documents intended as exhibits organized and referenced to specific findings and submitted in paper format only.

The Director of Workforce Quality shall issue a final determination on the findings remaining unresolved from the initial determination within thirty (30) days from the date the response to the initial monitoring determination is received. This time may be extended an additional thirty (30) days if an informal resolution conference is requested. A final determination will:

- a. Enumerate the efforts that were made to resolve the issues identified in the initial monitoring report and/or initial determination.
- b. List issues upon which the parties do not agree.

- c. List any changes to the factual findings and conclusions set forth in the monitoring report and/or initial determination.
- d. Establish a debt, if appropriate.
- e. Require corrective action, when needed.
- f. Determine liability, method of restitution of funds, and sanctions.
- g. Advise recipient of appeal rights.

If the Director of Workforce Quality determines that a local area is not in compliance with the appropriate uniform administrative requirements or is not responsive to monitoring findings, then sanctions may be imposed up to and including identifying the local area as “high risk” pursuant to 29 CFR. Part 97 Section 97.12. If this determination is made, OESC may impose special conditions or restrictions in an attempt to correct these non-compliance issues.

All finalized monitoring reports, including corrective action correspondence, will be maintained in a centralized location accessible and available to all in-house staff, Department of Labor representatives, auditors and other authorized individuals.

#### **IV. LOCAL OVERSIGHT AND MONITORING RESPONSIBILITIES**

##### **A. Authority**

Within each local workforce investment area, the LWIB, and the CLEO-designated fiscal agent have local oversight and monitoring responsibilities for programs funded through OESC. The LWIB is responsible for monitoring all DOL-funded programs and the One-Stop System to ensure compliance with federal, state and local policies, plans and procedures. The LWIB and fiscal agent are responsible for overseeing and monitoring their WIA and other federal grants-funded activities and those of their subrecipients in order to: (1) Determine that expenditures have been made against the cost categories and within the cost limitations specified in the Act and the regulations in this part; (2) Determine whether or not there is compliance with other provisions of the Act and the WIA regulations and other applicable laws, regulations, and contracts; and (3) Provide technical assistance as necessary and appropriate.”

B. Administrative Responsibilities

1. LWIBs and fiscal agents will:

- a. Ensure monitoring of service providers and submit monitoring reports and resolutions to Workforce Quality Division on an annual basis and at least sixty (60) days prior to expiration of the service provider or subrecipients' contract with its subrecipient.
- b. Provide to Workforce Quality Division all requested documents at least thirty (30) days prior to the Division's scheduled monitoring date.
- c. Have documents previously identified by Workforce Quality Division as required for on-site review available in an organized, orderly manner to facilitate expedient examination by monitors.
- d. Ensure appropriate staff is available at the on-site location on the monitoring date(s) to assist Workforce Quality Division team monitoring.

2. Pursuant to the following minimum standards established by the Governor, each LWIB shall ensure all service providers are periodically monitored throughout the year for:

- a. Compliance with federal, state and local area regulations, plans, policies and guidelines.
  - 1) Participant eligibility verification documentation.
  - 2) Review of participant records for assessment and employability plan.
  - 3) Review of contracts (i.e., on-the-job training, customized training, and worksite agreements).
  - 4) For providers of WIA adult and dislocated worker services, proper delivery of services consistent with the LWIB's integrated service delivery design.
  - 5) For providers of WIA youth services, proper delivery of services consistent with the LWIB's youth program.
- b. Compliance with local established policies.
- c. Contract performance compliance.

As noted in paragraph III.A. above, LWIBs must submit copies of all board-approved monitoring results to Workforce Quality Division for review. If during

annual on-site monitoring Workforce Quality Division staff determine failure by LWIBs to conduct periodic, thorough monitoring for a second consecutive year, the local area will be sanctioned in accordance with Section 184 of the Workforce Investment Act to include, but not necessarily be limited to, suspension of WIA grant funds until such time as Workforce Quality Division staff determine adequate LWIB compliance with board monitoring requirements and responsibilities.

3. Fiscal agents will prepare and submit to Workforce Quality Division not later than thirty (30) days after the beginning of each program year (i.e., July 1 – June 30) a listing of all contracts with periods of service and a plan of review. Pursuant to the following minimum standards established by the Governor, fiscal agents are also responsible for developing and enforcing specific policies, plans and procedures which address the following:

- a. Ensuring accountability for expenditures of funds in accordance with OMB Circulars, Federal regulations and State policies.
- b. Preparing and administering contracts and ensuring contract compliance.
- c. Responding to monitoring financial findings.
- d. Maintaining proper accounting records and adequate documentation in accordance with uniform administrative requirements.
- e. Preparing financial reports.
- f. Providing technical assistance to subrecipients regarding fiscal issues.
- g. Procuring contracts and/or obtaining written agreements.
- h. Disbursing funds for: salaries, contracts, wages, and vouchers.
- i. Conducting continuous financial oversight and monitoring of the board staff and service providers for compliance with uniform administrative requirements and cost allowability principles provided in applicable OMB Circulars. Fiscal agents may accomplish these responsibilities through a process combining routine review of invoices prior to payment with federal grant funds and periodic onsite review of LWIB and service provider financial records.
- j. Ensuring independent audits of all contracted entities receiving over five-hundred thousand dollars (\$500,000.00) in DOL grant funds.
- k. Ensuring funds are being expended according to the LWIB-developed and CLEO-approved budget.

**V. GOVERNOR’S INSTRUCTIONS TO LOCAL BOARDS AND FISCAL AGENTS ON OVERSIGHT AND MONITORING PROCEDURES**

These instructions establish guidelines for local boards and fiscal agents to develop their oversight and monitoring plans.

A. Written Policies and Procedures

As a part of their oversight or monitoring role, each LWIB and fiscal agent shall develop written policies and procedures for the monitoring of DOL-funded programs and delivery of integrated services to ensure compliance with federal, state and local administrative and financial requirements, policies and procedures; and to ensure performance goals are being achieved.

These specific monitoring policies and procedures may be consolidated into one single comprehensive document or may be promulgated by two separate documents distinctly addressing board and financial compliance requirements. Written policies and procedures shall describe, but are not limited to:

1. The roles and functions of local boards, board staff, and fiscal agents in their oversight or monitoring processes.
2. Who, by title, shall be responsible for the monitoring of each program activity.
3. The types of reports which shall be prepared as a result of such monitoring.
4. To whom reports will be distributed.
5. The scope and frequency of monitoring efforts for each program activity consisting of:
  - a. Monitoring activities by utilizing a monitoring document, desk reviews, personal visits, telephone contacts and onsite visits resulting in a summarized written report.
  - b. Conducting on-site reviews of policies, plans and procedures governing all segments of their program activities and program operations at least once during the program year.

- c. Conducting pre-award financial review or on-site post-award monitoring of recipients that have little or no workforce program experience not later than 120 days after the award of a contract.
  - d. Monitoring each subrecipient providing services to participants for program accountability and to ensure contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. Note: fiscal agents must monitor each subrecipient once annually, and not less than sixty (60) days prior to the expiration date of the contract.
  - e. Reviewing a sample of participants' files to determine compliance with required federal, state and local laws, policies, plans and procedures.
- 6. The methods which shall be utilized for the monitoring of program activities.
  - 7. The methods which shall be utilized for procurement and financial monitoring.
  - 8. Who, by title, shall be responsible for ensuring corrective actions are taken when problems are found.
  - 9. The time-frame in terms of days or weeks for completion of corrective actions.
  - 10. Guidelines for follow-through monitoring when necessary to determine if corrective action has been completed.

## **VI. TECHNICAL ASSISTANCE**

Workforce Quality Division staff will provide limited technical assistance throughout the duration of on-site monitoring visits. CLEOs, local boards and fiscal agents may request technical assistance at other times from the staff of the Director, Workforce Integrated Programs Division.