

**WORKFORCE SYSTEMS LETTER NO.: 4-05****DATE: June 18, 2004**

EFFECT:	<u>ACTION</u>	<u>INFO</u>	<u>WITH ATTACHMENT</u>
	<input type="checkbox"/>	<input checked="" type="checkbox"/> SWAs	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input checked="" type="checkbox"/> All Grantees	<input checked="" type="checkbox"/>

SUBJECT: Regional Office Compliance Assistance Services

Purpose: The purpose of this letter is to provide the Region 1 ETA workforce investment Grantees with an overview of the Regional Office strategy for monitoring and oversight in the coming months and to underscore the importance of “Compliance Assistance” in implementing grant management priorities.

Background: On February 11, 2003 the Boston Regional Office issued its *Workforce Development Letter No. 03-05*, which described Compliance Assistance and the Regional Office role in providing Compliance Assistance. This *Workforce Systems Letter* will serve to update that issuance for the new Region 1, taking into account the Region’s new structure and office configurations, as well as Regional Office oversight experience from the past year.

Compliance Assistance has been described by the ETA Assistant Secretary as the federal government’s approach to achieving the highest levels of accountability and performance. Compliance Assistance has the dual goals of furthering the emphasis within the President’s Management Agenda on results and outcomes and ensuring Grantee compliance with applicable laws and regulations. It is the objective of Region 1 to rely on these important principles in a continuing effort to improve program performance at all levels.

A. REGIONAL OFFICE COMPLIANCE ASSISTANCE SERVICES:**I. Compliance Assistance Framework:**

Compliance Assistance represents important elements of what we have described for years as “grant management.” It has been most visible in the renewed emphasis we have given to oversight and monitoring. However, the concept of Compliance Assistance covers a wide array of services to enable entities receiving federal funds to achieve their grants’ intended results and to operate in compliance with applicable federal laws and regulations. Within the reconfiguration of its priorities, the Regional Office will continue to work with Grantees to identify areas for quality improvement.

Technical assistance will remain a significant Regional Office focus and, as we will note later, in particular as a strategy for resolving issues identified through oversight and monitoring. In addition to the Regional Office's technical assistance activities, there are a number of nationally administered technical assistance projects that address issues presenting challenges nationwide. The Regional Office will continue to ensure that its conferences and workshops include training, information and approaches that address regional technical assistance needs in a timely manner. The Regional Office will also continue to broker "peer to peer" learning opportunities among States and seek creative approaches to technical assistance in our Region.

The attachment details the array of Compliance Assistance services available to your agency or program from the Regional Office. These services will continue to be provided to Grantees based on the Regional Office's assessment, which is designed to identify a Grantee's strengths and areas needing improvement. Services are provided to ensure compliance with appropriate federal laws, rules and regulations, and further to ensure continuous improvement of Grantee performance and/or services.

II. Elements of a Compliance Assistance Framework:

A. TYPES OF COMPLIANCE ASSISTANCE:

There are six types of Compliance Assistance services provided by the Regional Office, which are listed below:

1. Pre-Award Assistance
2. Start-Up Assistance
3. Assistance as a result of Monitoring Reviews and Reports
4. Ongoing Technical Assistance
5. Performance Assessment and Issue Resolution Assistance
6. Close-Out and Audit Resolution Assistance

Pre-Award assistance is given to applicants in the development of National Emergency Grants (NEGs) and Earmark proposals. Start-up assistance typically involves early contact with Grantees to resolve questions about the conditions and requirements of the grant. Assistance as a result of monitoring reviews and subsequent reports includes an on-site identification and a written summation of findings and observations to the Grantee (see attachment for further detail). Ongoing technical assistance includes the availability of the Grant Manager or Federal Project Officer (FPO) [formerly the Grant Officer's Technical Representative (GOTR)], ETA staff experts, and contractors to address questions and to provide Grantee-specific help or solutions. Performance assessments involve quarterly desk reviews of performance and expenditure information provided by Grantees on federal reports and the conduct of initial and quarterly risk assessments; issue resolution services assist the Grantee in resolving any outstanding issues identified in reports and in any subsequent Corrective Action Plans. Finally, closeout and audit resolution services ensure a smooth resolution of audit issues and the final close-out of the grant.

B. ON-SITE REVIEW REPORTS:

A major Regional Office responsibility is to conduct on-site reviews. A compliance review report is prepared as a result of such a review. This report will principally focus on whether a Grantee's

systems, procedures and policies are in compliance with federal requirements. When issues of non-compliance surface during a review, the compliance review report will describe the nature of the finding, cite the legal bases for the determination of non-compliance, and make recommendations to correct those areas. A response from the Grantee that outlines the actions taken or planned to bring the system into compliance will be required within 30 days from the date of receipt of the letter. An adequate response will, at a minimum identify:

- *Actions* taken to address the finding;
- *Individual* responsible to manage the process for resolving the finding;
- *Time frame* in which actions will be completed; and
- *Milestones*, or key activities, to achieve corrective action and measure progress toward achieving corrective action.

As a necessary part of our focus on results and outcomes, we will also examine the quality of a grant's services and procedures. If weaknesses in systems or other deficiencies are noted during an on-site review, but they are not related to compliance requirements, the review report will include observations describing those weaknesses and suggestions that the Grantee may wish to consider taking as remedial action for continuous improvement purposes.

C. EMPHASIS ON FOLLOW UP:

A key emphasis following on-site reports is to follow up on the findings and observations that the Regional Office has identified through oversight activities. The objective is to achieve high levels of performance and demonstrate a return on investment to Congress, our funders, as well as to taxpayers. Follow up will formally begin when the Regional Office identifies findings and/or observations as a result of its performance assessments and/or monitoring. It is our expectation that States and Grantees will assume an active role in the resolution of these findings and/or observations. Strong and consistent monitoring teams at the Federal, State, and Local levels will become even more important in the Compliance Assistance framework. As noted earlier, technical assistance will remain a significant Regional Office focus and, in particular, as a strategy for resolving issues identified through oversight and monitoring.

As previously stated, a response from the Grantee that outlines the actions taken or planned to bring the system into compliance will be required within 30 days from date of the letter issuing the report. It is the Region's expectation that the Grantee's response to observations noted in the compliance review report be included as part of the official response to the compliance review report.

D. LETTERS AND DOCUMENTATION OF COMPLIANCE ASSISTANCE:

1. Letter to Establish Corrective Action:

A Grantee that does not provide an adequate and/or timely response to a compliance review report that cites areas of non-compliance with federal requirements will be required to develop a Corrective Action Plan (CAP). We hope that through both mutual cooperation and targeted assistance, there will be little need to require Corrective Action Plans.

A Grantee will submit a CAP when:

- There are deficiencies identified in program or administrative reviews conducted by State or Regional Office staff, which remain uncorrected; or
- Performance does not meet established measures or goals for the program; or
- There is consistent failure to timely and/or accurately submit any federally-required report.

A Corrective Action Plan must include the following:

- A narrative explaining the reasons for the finding;
- A description of the actions/activities to be undertaken to improve or correct the issue of compliance;
- A timeline for completing each action;
- A list of specific milestones for measuring progress in resolving the issues identified; and
- Identification of who will be responsible for overseeing the activities.

2. Letter of Initial Determination based on an unresolved CAP:

If a Grantee fails to resolve findings outlined in a compliance review report according to an established CAP, ETA will issue an Initial Determination. The Initial Determination will identify the areas of disagreement, list any sanctions that may be imposed, such as designation as a High-risk Grantee or disallowance of costs, and set forth any appeal rights. This action coincides with the procedure identified in the administration of the Audit Resolution process under the Audit Requirements of Grants as stated in OMB Circular A -133, Section 29 CFR part 96.53.

III. Conclusion: It is of the highest importance that together, we demonstrate that Region I's workforce investment programs are providing high quality services to all customers, and that we continually work as partners to improve the effectiveness and efficiency of our programs. This will depend on our joint efforts and shared responsibility in following up and resolving issues. I encourage you to be proactive in this area. I further welcome and encourage your comments on this Compliance Assistance framework. Please do not hesitate to contact your Grant Manager/Federal Project Officer (FPO), any member of the Regional Office management team, or me personally if you have any questions or suggestions concerning this framework. Please see the attached phone list for names of all Regional Office staff. I thank you in advance for the vital role you will play in our efforts as we continue to implement this Compliance Assistance framework.



Joseph F. Stoltz
Regional Administrator

**MENU OF COMPLIANCE ASSISTANCE SERVICES
AVAILABLE FROM THE REGIONAL OFFICE**

PHASE	SERVICE	EXAMPLES	SERVICE STANDARD	COMMENTS
Pre-Award	Proposal Development Assistance	Meetings to discuss service design and allowability of costs	Contact within 90 days of notice At least one meeting prior to proposal submission Ongoing availability via email or phone	Applies primarily to Earmarks but may also be applied to FBO/CBO proposals
	Technical (pre) review of proposal	Pre-review of proposal to determine if documents meet all requirements prior to submission to National Office	Written or email comments back on proposal within 10 business days . Recommendations provided to Grant Offices	Applies primarily to Earmarks but may also be applied to FBO/CBO proposals
Award	Initial and On-Site Contact	Telephone call and/on site visit to introduce Grant Manager/Federal Project Officer (FPO) and offer assistance and assess early implementation progress	Contact made no later than 120 days after public notice	Applies primarily to new discretionary grants
Post-Award	Initial Risk Assessment	FPO conducts Initial Risk Assessment	Initial Risk Assessment is conducted by FPO within 30 days of receipt of signed grant document	Applies primarily to new discretionary grants
	Quarterly Desk Review Feedback	Written or email feedback on current status of grant based on quarterly reports and quarterly risk assessment	No later than 30 days after the due date of the quarterly report	
	Ongoing Availability of FPO	Available via phone or email any time	Response to contact within 2 business days	
	On-Site Review	An on-site review conducted at roughly the midpoint of discretionary grant and generally once every two years for formula grants	Notice of review will be provided prior to visit; Entrance and Exit Interviews to be held with key staff to frame review and identify issues	
	Monitoring Reports	An official letter identifying findings/recommendations; observations/suggestions; and best practices.	A written report will be provided to the Grantee within 30 days of the exit interview	
	Corrective Action Plan Issue Resolution Services	Follow-up and assistance will be provided to ensure that Grantees, to the extent possible, address and resolve all findings identified	Assistance provided as requested or as necessary	
	Modification Pre-Review	Grant Managers/FPOs will discuss and pre-review a modification proposal if requested by Grantee	Comments back to Grantee within 10 business days	
	Modification Recommendation	FPO will provide a recommendation to Grant Office on modification request in a timely manner	Recommendation to Grant Officer within 10 business days of receipt of final modification request	
Financial Close-Out	Close-Out Alert	The FPO will alert the Grantee reminding them the grant is to terminate in 90 days and informing them of what to expect during the close-out process including any special provisions unique to that grant, e.g. evaluation requirements	No later than 90 days prior to the expiration date of the grant	
	Close-Out Assistance	Assistance in preparation of final reports, any evaluation reports due and close-out package	No later than 90 days after the expiration date of the grant	
Audit	Audit Resolution	FPOs provide assistance in finding resolution and make recommendations to Grant Officer	Final Determination issued no later than 180 days from report issuance	Final closeout of a grant occurs when all findings from an audit are resolved

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