



U.S. Department of Labor
Employment and Training Administration
Region 2 - Philadelphia

Discretionary Grantee Conference

Monitoring

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Learning Objectives

- Introduction & purpose
- Federal monitoring - highlights & approach including Core Guide
- Common findings
- Suggestions for reducing the number of findings

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Introduction

- The Secretary is authorized to monitor all recipients of financial assistance to determine compliance with federal requirements
- All grantees with sub-recipients are required to monitor to ensure compliance with federal requirements

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Purpose of Monitoring

- Ensure that the grantee is implementing the grant consistent with:
 - Statute
 - Regulations
 - Grant terms & conditions
 - Federal financial and administrative requirements including cost principles
 - DOL policy and guidance (e.g., TEGs)

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Purpose of Monitoring

- Continuous improvement
 - Identify weaknesses & areas of non-compliance
 - Identify best practices
 - Provide technical assistance
 - Allow sufficient time for corrective action
 - Follow up to ensure corrective action is completed

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Federal Monitoring Highlights and Approach

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Summary

- Overview of Federal perspective
- Pre-review preparation
- On-site
 - Files, records and policies
 - Interviews
 - Technical assistance
- Finding structure
- Questioned costs
- Report structure & timelines

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Pre-Review: Data and Reports

- Grant
 - Scope of work, budget & narrative
- Organizational chart
- List of sub-recipients
- Expenditure reports & spending rates
- Monitoring reports
 - ETA
- A-133 Single Audit reports

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Pre-Review: Information and Coordination

- Identify risks
 - Status of past monitoring or audit issues
 - Size of award
 - Staff turnover
- Location of records
- Schedule appointments
- Specify all documents needed
 - Prior to review
 - During on-site

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On-Site: Entrance

- Brief
- Purpose
- Summarize expectations
- Schedule
 - Locations
 - Brief out date
 - Report date
- Field questions

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On-site Monitoring

- Review policies and procedures
- Review systems
 - accounting, payroll & MIS systems
- Interview staff at grantee and/or sub recipient level
 - Who performs the work
 - Who supervises the work
- Test transactions
 - View source documents
- Compare all information gathered

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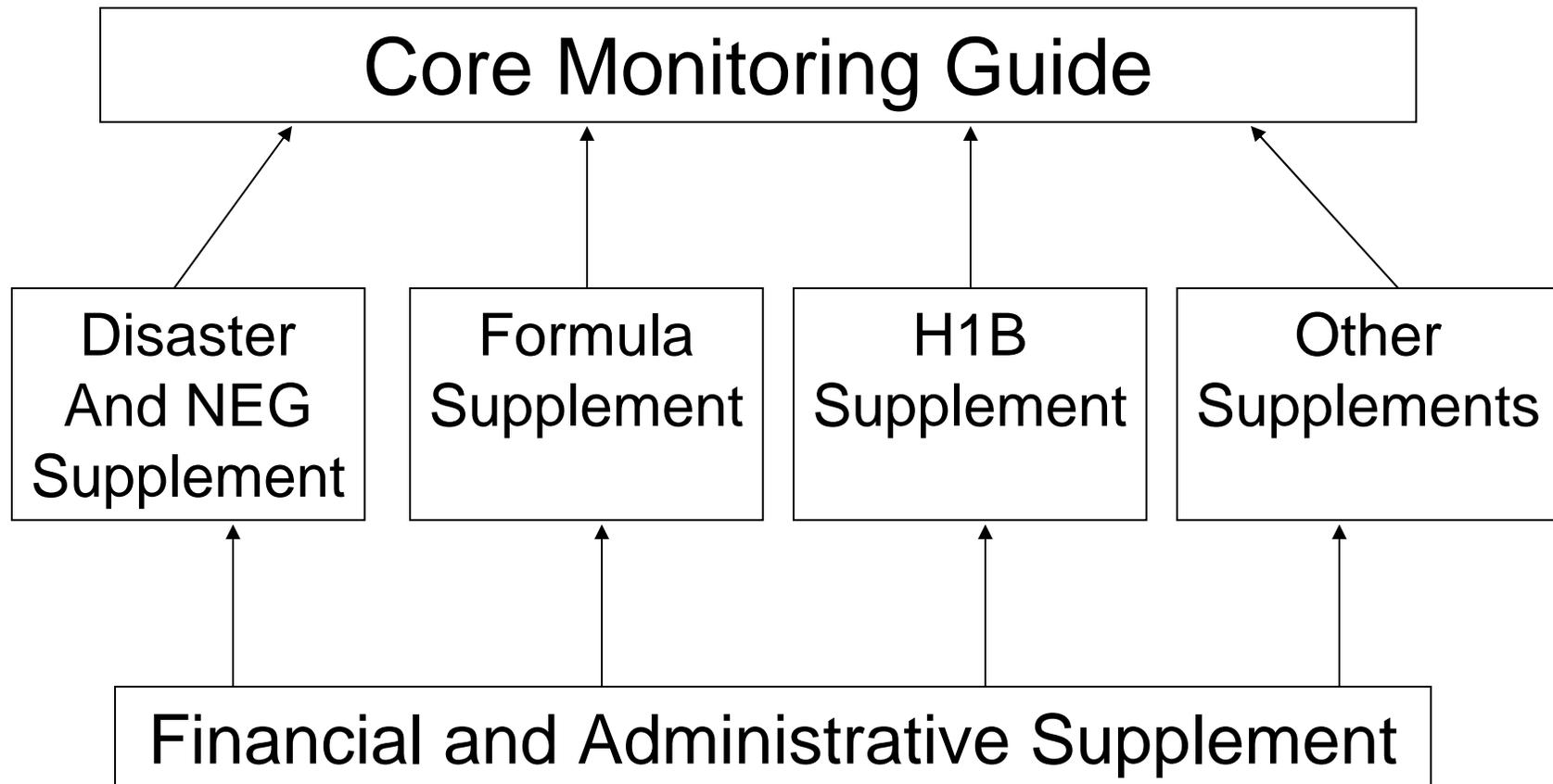
Core Monitoring Guide (CMG)

- DOL ETA uniform guide for monitoring
 - Issued April 2005
 - Improve grant administration
 - Part of a larger strategy
- CMG ensures
 - Oversight and monitoring practices reinforce ETA principles
 - Program outcomes are achieved
 - High level of integrity is maintained

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The Core Monitoring Guide



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Core Monitoring Guide

- Structure
 - Core activities
 - Objectives
 - Indicators
 - Tools



Core Monitoring Guide Sections

- Design and governance
- Program / Grant Management Systems
- Financial Management Systems
 - Pending financial supplement
- Service/product delivery
- Performance accountability

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On-Site: Administrative Controls

- Policies and procedures
- Monitoring
- Record retention
- Close-out
- Grievance and complaint procedures
- Incident reporting

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On-Site: Personnel

- The grantee staff has qualified financial and administrative staff
- Financial staff are bonded
 - *Guaranteed by a bond, thereby insuring that a payment is made or that specific rule are followed.
- Financial staff are familiar with DOL-ETA “particulars”
 - Definition of administrative costs
 - Accrual reporting

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On-Site: Sustainability

- Resources have been identified for post-DOL funding
- A plan is in place for continuation of services to participants



On-Site: Match and Leveraged Resources

- Written procedures on:
 - Match & leveraged resources requirements
 - Allowable match
- Methods for tracking
 - Developed
 - Issued to all parties affected
- Records are available to document and track match

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On-Site: Civil Rights

- Access to and within buildings
- Methods of Administration is signed
- EEO notices in appropriate languages
- Job announcements in appropriate languages
- ETA monitoring is a limited review of civil rights and issues related to individuals with disabilities

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On-Site: Equipment

- Costs are properly allocated
- Prior approval has been obtained
- Inventories conducted every two years
- Inventories are properly tracked
- Lease versus purchase analysis conducted
- Use is limited to grant
- Program income fees charged
- Proper disposition

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On-Site: Procurement

- Open and fair competition
- Written procedures
- System for administration of contracts
- Justification for sole source
- All Federal certifications and required clauses
- Cost and/or price analysis
- Type of agreement

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On-Site: Audit/Audit Resolution

- Audit tracking system
- Resolution
 - Informal
 - Formal
 - Final decision
 - Includes notification of appeal rights
 - Hearing within 60 days of complaint or grievance
 - Appeal to DOL

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On-Site: Facilities

- Space and affiliated costs are relative to occupancy
- Capital lease and amortizations and less than arms length
 - Cost recovery is limited to use or depreciation
- Tenant improvements are part of the lease agreement or are properly approved



On-Site: Intangible Property

- Charges to federal grantees and sub-recipients are limited to cost recovery
- Disposition procedures in place when no longer needed
 - Follow same rules as equipment disposition



On-Site: Budget Control

- Comparison of budget or planned expenses to actual on a reasonable frequency
- Direct funded grantees
 - 20 Percent Budget line item flexibility
 - Exception: any changes in personnel costs must have grant officer approval
 - Mix and match of positions – must have Federal Project Officer (FPO) approval
- Non-direct-funded grantees
 - If not budgets (determine how they manage)

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On-Site: Cash Management

- Forecasting cash needs
- Advances
- Petty cash & petty check
- Credit cards / purchasing cards
- Sub payments advances
- Authorized to
 - Request and receipt
 - Log in cash receipts
 - Deposits
 - Liquidation of advances

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On-Site: Program Income

- Revenue in excess of expenses is program income
 - Except for commercial organizations
- Requirements
 - To further grant activities
 - Separate account codes
 - Expended prior to requesting additional cash
 - Reported on the accrual basis of accounting

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On-Site: Cost Allocation

- Resource sharing agreements
 - Operational
 - Appropriate
- Federally approved rate
- Federally approved plan
- Other cost allocation plans – not federally approved



On-Site: Allowable Costs

- Transaction testing
 - Payroll
 - Space
 - Operations and maintenance
 - Administrative costs
 - Travel
 - Sub-contracts
 - Sub-agreements
 - Inter-agency agreements

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On-Site: Internal Controls

- Separation of duties
- Transactions properly authorized
- Assets are safeguarded
- Budgetary controls exist
- IT systems are secure



On-Site: Cost Classification

- Grantee tracks program vs. administrative costs
- Grantee staying within admin cap limit
- Grantee indirect cost rate
 - Charging all indirect costs as admin?
 - If not charging all indirect costs as admin, what portion of indirect cost pool are properly chargeable to program?

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On-Site: Financial Reporting

- Reports are submitted to DOL are accurate and timely
 - No less frequently than quarterly
- Grantee and grantee's sub-recipients are reporting on the accrual basis of accounting
- Sub-recipient reporting instructions are issued
 - For all data elements
 - Require reports to be on the accrual basis of accounting

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On-Site: Training Resource Management

- Tracking system for overall training costs
- Tracking system for individual training costs
- Procedure to recover balance of training funds if participant drops out
- Maximizes use of training funds by limiting long-term commitments
- Appropriate match is provided for customized training

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Files, Records, and Policies

- Financial & Administrative Manual
- Employee Handbook
- Personnel files/actions
- Organizational Chart & Internal Control Structure
- Monitoring Tool & Log
- Procurement Files
- Equipment logs
- Grievance /Complaint, Incident log
- Close out documents
- Audit & Resolution Log
- Sustainability strategy

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Finding

- Definition
 - A finding is any “violation of”
 - Law
 - Regulations
 - Grant agreement
 - Contract agreement
 - Cooperative agreement
 - Formal policy
 - Other



Questioned Costs

- Results from a violation of
 - Law
 - Regulation
 - Grant, contract, annual funding plan or financial cooperative agreement
- or
- Costs are not supported by adequate documentation
- or
- Costs incurred
 - Appear unreasonable
 - Do not meet the “prudent person test”

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Area of Concern

- Potential future violation of
 - Law
 - Regulation
 - Grant, contract, annual funding plan, or financial cooperative agreement
 - Federal guidance
 - Other
- Or questionable
 - Operational practice
 - Business practice

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Exit Meeting

- List & provide a brief explanation of “issues” & questioned costs
 - Generally monitors do not identify “findings” from “areas of concern”
- List & provide a brief explanation of promising practices
- Discuss time frame for
 - Written report
 - Grantee response
- Field questions

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Report Structure & Timelines

- Reports to grantees due within 30 days of exit
- Report includes:
 - Executive summary
 - Findings & requirements
 - Areas of concern and/or promising practices
 - Contact name
 - Response due date



Common Findings

- Allowable costs
 - Expenditures not allowable
 - Documentation does not support
- Financial reporting
 - Not reporting on accrual basis
 - Not reporting program income
- Internal controls
- Procurement



Suggestions For Reducing Findings

- Know
 - Grant agreement
 - Statutes
 - Authorizing law
 - Other relevant Federal laws
 - Regulations
 - Authorizing regulations
 - Other relevant regulations
 - Grant, contract or cooperative agreement
 - Federal guidance

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Suggestions For Reducing Findings

- Documentation to support
 - Quarterly financial reports
 - Expenditures
 - Procurement actions
- Trained staff
 - “Succession” planning for
- Ask questions
 - Call Regional Office
 - Call National Office

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Suggestions For Reducing Findings

- Systems, quality
 - Accounting system
 - Financial reporting system
 - Sub-systems
 - Equipment tracking
 - Complaint tracking
- Prudent internal controls
- Sound, up-to-date policies
- Coordination with program staff

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Thank you!

Questions?



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