Chapter 13
Monitoring

Grant recipients and subrecipients are responsible for monitoring compliance with the appropriate uniform administrative requirements for grants and agreements applicable to the type of entity receiving the funds as promulgated in OMB circulars and/or rules in all aspects of financial management including but not limited to cash management and expenditure control by ensuring that the financial management system:

1) provides fiscal control and accounting procedures to permit preparation of required reports; permits the tracing of funds for establishing that funds have not been used in violation of the restrictions on the use of such funds; demonstrates compliance with matching requirements, cost limitations, the proper classification of costs; and the proper allocation of costs by adoption of methods which are consistently applied and reflect a reasonable relationship for cost benefit; and demonstrates compliance with insurance, procurement, property management requirements.

2) provides accounting and reports that are uniform in definition and accessible to authorized Federal and State staff and verifiable for monitoring, reporting, auditing, and evaluating.

WIA's fundamental principle for responsibility of proper disposition of resources flows with the funds (refer to Sections 183 and 184 of the Act). The State will hold grant recipients and local area subrecipients responsible for WIA funds received through the grant.

The State's procedures in conducting and resolving an on-site monitoring of a WIA grant recipient are outlined in this chapter. Grant recipients and subrecipients shall have similar documented monitoring and resolution procedures in place that include at a minimum 1) general procedures for documentation of on-site monitoring; 2) tracking and follow-up procedures for corrective action; 3) on-site monitoring record keeping procedures; and
4) resolving monitoring and oversight findings. Grant recipients and subrecipients without adequate monitoring and resolution procedures or with procedures that do not support the State's minimum requirements shall follow the State's procedures as outlined in the following section.
I. Background

WDD Training and Development staff has the lead responsibility for the WDD on-site monitoring function which includes the development and maintenance of the WIA monitoring guide. WDD has overall responsibility to ensure that the State of Hawaii WIA on-site monitoring is carried out fully as prescribed under WIA.

The following procedures have been developed to provide a uniform, comprehensive and consistent system for the on-site monitoring of recipients and subrecipients by the WDD staff of the WIA programs. Procedures include: (1) general procedures for documentation of on-site monitoring, (2) tracking and follow-up procedures for corrective action, (3) on-site monitoring record keeping procedures, and (4) resolving monitoring and oversight findings.

II. General Procedures for the Documentation of On-Site Monitoring

As the result of a scheduled monitoring or administrative decision to conduct an on-site monitoring visit, the following is the standard procedure to be used by staff to carry out and document the on-site monitoring of subrecipients:

A. Send letter/memo to inform local area subrecipient that a monitoring visit has been scheduled, including the name of the person who will be conducting the on-site visit, when the visit is being scheduled, what will be covered, etc. Letter should be sent out at least two (2) weeks in advance.

B. Prepare for on-site visit. A few days prior to the visit, it is suggested that a call be made to reconfirm time and date(s) with the local area subrecipient.

C. Conduct on-site visit using the applicable questions from those sections of the WIA Financial and Administrative Monitoring Guide under Appendix C of this Manual. Include any necessary additional questions or forms needed to make a judgement of adequacy and compliance. For all negative findings, collect sufficient documentation to substantiate the findings.
D. Situations/findings which may need immediate attention should be reported to the Administrator immediately and documented for corrective action.

E. Prepare monitoring report.

F. Circulate draft monitoring letter and report to senior staff (including Program Manager) for comments and recommendations. WDD clerical services shall finalize monitoring report after circulation.

G. Finalize the monitoring letter (ML) for review and signature by Administrator.

H. A copy of the ML and monitoring report shall be routed to WDD staff for follow-up purposes.

III. Tracking and Follow-up Procedures for Corrective Action

In order to insure an orderly system for tracking and follow-up of issues surfaced in the MLs, the following procedures shall be observed:

A. WDD Clerical Services

1. Assign a tracking number (monitoring letter number) to each monitoring letter.

2. Log the tracking number and other appropriate information including transmittal date into the Tracking File.

3. When a follow-up letter to an ML is issued, a new response date should be entered in the tracking file.

B. WDD will maintain a hard copy of the Tracking File and document:

1. Date of response

2. Follow-up actions

3. Closure of issue

C. When a response is received, WDD will circulate the response to the initiator.

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D. When a satisfactory response is received, the initiator will draft a letter to close the issue(s). When an unsatisfactory response is received, the initiator will draft a follow-up letter to the subrecipient.

E. When a response is not received within 15 days of the due date, the initiator will draft a reminder letter.

F. When a response to an ML is not received within 30 days of the due date, the initiator will implement sanctions based on the State’s sanctions procedures.

IV. On-Site Monitoring Record Keeping Procedures

In order to organize and facilitate the on-site monitoring system, a record will be established for each subrecipient. Procedures here describe the record and its maintenance.

A monitoring folder will be set-up for each subrecipient and include an appropriate set of questions from the WIA Financial and Administrative Monitoring Guide and other "working papers". The effective period applicable to the subrecipient monitoring folder will coincide with the contract period.

A. For a given on-site monitoring visit, the appropriate sections shall be used as a guide.

B. After completion of the on-site visit, worksheets, working papers, and other backup documentation obtained to support findings shall be filed by the clerical services unit.

C. All subrecipient responses and any follow-up letters will also be maintained in this file.

V. Resolving Monitoring and Oversight Findings

After the completion of an investigation, on-site monitoring, or desk monitoring review, DLIR will send the subrecipient a monitoring letter that lists any findings of non-compliance. The subrecipient is given a period of time in which to respond to the letter, agree or disagree with the findings, provide documentation to support their claims, and/or specify corrective actions to be taken to resolve the findings.

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Once the above steps have been completed, DLIR is responsible for resolving any findings on which there is disagreement with the subrecipient.

A. Definitions

For the purpose of resolving any findings arising from the monitoring and oversight of subrecipients under WIA, the following definition of terms shall be followed:

1. Administrative Finding – An action by a WIA subrecipient that violates applicable statutes, regulations, grant agreements, contracts, and/or DLIR policies but does not involve the improper use of funds.

2. Disallowed Costs – Expenditures of WIA funds by a WIA subrecipient that violate applicable statutes, regulations, grant agreements, contracts and/or DLIR policies.

3. Final Determination – DLIR’s final decision regarding the disposition of findings that were identified through general oversight or monitoring review of a WIA subrecipient.

4. Finding – An administrative deficiency or the improper use of WIA funds by a subrecipient identified by DLIR through general oversight or monitoring review of a WIA subrecipient.

5. Informal Resolution – A period during which a WIA subrecipient is provided an opportunity to present additional arguments or documents to resolve open findings listed in the initial determination.

6. Initial determination – DLIR’s preliminary decision regarding the disposition of findings that were identified through general oversight or a monitoring review of a WIA subrecipient.

7. Monitoring Letter – A report written by DLIR staff and sent to a WIA subrecipient that details the results of a monitoring review.
8. Sanction - An action imposed on a subrecipient by DLIR after the final determination as a means of resolving findings identified through general oversight or a monitoring review.

9. Subrecipient – An entity to which a WIA grant is awarded by DLIR and is accountable for the use of the funds provided.

B. Determination Procedures

The procedures that DLIR has developed for the resolution of findings are provided below:

1. Initial determination

   Within 45 calendar days of DLIR's receipt of a subrecipient's response to a monitoring letter, DLIR will issue an initial determination on the status of the findings.

   The initial determination will include the following:

   a. DLIR's finding of non-compliance as originally stated in the monitoring letter issued to the subrecipient;

   b. The response from the subrecipient acknowledging or disputing the findings and specifying any corrective actions to be taken;

   c. DLIR's initial determination of the acceptability of the subrecipient's response and proposed corrective actions; and

   d. DLIR will mail the initial determination to the subrecipient by "Certified Mail-Return Receipt Requested."

2. Informal Resolution

   Subrecipient may submit a written request to DLIR for an informal resolution of the findings within 10 calendar days of receiving DLIR's initial determination.
Informal resolution discussions may be held by telephone, if necessary, but preferably in person. The subrecipient should be prepared to present documentary evidence to refute administrative findings or to support the allowability of any questioned or disallowed costs.

The informal resolution process should be completed within 60 calendar days of the subrecipient’s receipt of the initial determination.

3. Final Determination

If no request for informal resolution is received, DLIR will issue a final determination no later than 45 calendar days after issuing the initial determination. If a request for an informal resolution is received, DLIR will issue a final determination no later than 45 calendar days after the end of the informal resolution period. DLIR will mail the final determination to the subrecipient by "Certified Mail - Return Receipt Requested."

The final determination will include the following:

a. A list of the findings in the initial determination for which the subrecipient’s responses were not acceptable;

b. The subrecipient’s response to the findings including any additional information or documentation that may have been provided during the informal resolution process;

c. DLIR’s final determination of the acceptability of the subrecipient’s responses and proposed corrective actions and the basis for each decision;

d. Identification, or request for identification, of any disallowed costs;

e. A list of actions that must be taken by the subrecipient to resolve the findings;
f. A description of any sanctions that may be imposed; and

g. Notification of the subrecipient's right to appeal the final determination.

If the final determination is appealed and the decision of the appeal does not uphold DLIR's determination, an amended final determination will be issued.

C. Appeal Procedures

1. Request for a Hearing

The subrecipient may submit a request to the DLIR Director for a hearing regarding the final determination within 30 calendar days of the receipt of the notice.

The request for a hearing must be accompanied by a copy of the final determination and should specifically state which decisions are being contested. The sections of the final determination that are not being contested will be considered resolved and not subject to review by the hearing officer.

When no request for a hearing is made, the final determination will constitute final action by DLIR, and the findings will not be subject to further discussion.

2. Conduct of Hearing

The appeal hearing will be conducted by the DLIR Employment Security Appeals Referee (ESAR) Office. Hearings will be scheduled, held, and conducted as follows:

a. Written notice of the hearing, specifying the time, place and those findings which are in dispute, will be given or mailed to the parties at least fifteen (15) days prior to the hearing. Failure to object to such hearing within the time specified in the notice will be deemed consent by the parties to such hearing.
A hearing may be rescheduled at the request of an interested party for reasonable cause.

b. A single hearing with all parties appearing at the same time will be held whenever possible. Hearings may be held with the parties appearing in person, by telephone, or other suitable communication device agreed to by the parties.

When it is impractical to hold a single hearing, the evidence may be taken separately by the same or a different referee upon due notice to all interested parties. The decision will be based upon the complete record.

c. The parties appearing for a hearing before the referee will be provided written instructions stating the procedures that will be followed in the conduct of the hearing.

d. The decision of the referee will be in writing and will be signed by the referee. The document will set forth the findings of fact and the reasons for the decision.

The decision of the referee will be final and not subject to further review or appeal.

D. Debt Collection

If DLIR's final determination includes a finding of disallowed costs and this determination is upheld by the ESAR, DLIR will require repayment of the amount by the subrecipient from non-federal funds.

Policy and procedures governing debt collection are provided in Chapter 15 (Sanctions for Violation of the Act) of this Manual.