



Monitoring Policy

Policy Number: 105

Effective Date: July 1, 2020

Date Last Revised: April 28, 2026

I. Background:

2 CFR Part 200 requires each recipient and subrecipient of federal funds to conduct regular oversight and monitoring of its federal programs and those of its subrecipients.

II. Policy:

The South Central Workforce (SCW) will formally monitor all subrecipients receiving state and federal dollars in accordance with the grant requirements, 2 CFR Part 200, 20 CFR 683.410, and Washington State WIOA Title I Policy 5414 - WIOA Title I Monitoring.

III. Process:

The SCW is responsible for oversight of the programmatic and financial activities of its subrecipients and will ensure they are in compliance with all contract requirements and state and federal regulations. SCW will monitor its subrecipients' activities under Federal and State awards to ensure they are compliant with all requirements and meet performance expectations. Monitoring will cover each program, function, or activity.

a. Frequency of Monitoring Reviews

The SCW will conduct monitoring of each subrecipient on an annual basis in compliance with the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (known as the OMB Super Circular). A monitoring schedule will be created each year.

b. Scope of Monitoring Reviews

Monitoring activities will encompass both financial and programmatic monitoring. Monitoring activities include on-site or remote visits, off-site desk-level reviews, and analyses of both financial and program outcomes to help identify potential weaknesses before such weaknesses result in substandard performance or questioned costs. As part of defining the scale of local monitoring review, SCW will perform a risk assessment as required by 2 CFR 200.332.

SCW will monitor the activities of a subrecipient, using a risk-based approach as necessary, to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward. SCW will monitor the overall performance of the subrecipient to ensure that the goals and objectives of the subaward are achieved.

- i. On-site or Remote Monitoring - Each year, the SCW will monitor activities to date in two major subject areas according to a detailed risk assessment process:
 1. Administrative and Financial Management. This review area includes, but is not limited to, an evaluation of the subrecipients' administrative and financial policies and practices. The SCW will conduct this evaluation via document review and sample selection.
 2. Programmatic. This review area includes, but is not limited to, an evaluation of the subrecipients' programs and services to eligible participants pursuant to related federal and state legislation, regulations, policies, and guidance, and OMB Circulars and Uniform Guidance. The SCW staff will utilize random electronic sampling to examine participant files for proper maintenance and content, inclusion of pertinent forms and data, appropriate and adequate case notes to ensure continuity from the time of application through completion of services, as well as verification that all relevant data has been entered into the case management system.
- ii. Desktop Monitoring. Will occur on all contracts with subrecipients and other subcontractor services on a regular and routine basis. Desktop monitoring will be conducted by the Director of Integrity & Compliance, MIS, and billing staff, and will include, at a minimum:
 1. Review of billing purchases for receipt of goods, amounts, and compliance with contracts or agreements, if applicable.
 2. Review of payment request for compliance with contract payment provisions.
 3. Review of participant records (such as applications, supporting eligibility documentation, exit, and performance documents, and other forms) for accuracy and consistency with dates, information, and reporting codes.
 4. Any issues or deficiencies identified will be referred to the Programs Director for correction or resolution.

c. Monitoring Reports

The SCW Management Staff will issue the following documents summarizing the results of monitoring activities.

- i. Management Letter. A Management Letter is issued following each monitoring, describing the scope of the visit and whether or not items to address have been identified.
- ii. Draft Final Monitoring Report. A Draft Final Monitoring Report is issued within 30 days of the end of the monitoring and includes a summary of the

monitoring, including the scope of the review. It also identifies any unresolved questioned costs, disallowed costs, and findings.

- iii. Final Monitoring Report. A Final Monitoring Report is issued within 60 days of the Draft Final Monitoring Report and includes responses to the Draft Final Monitoring Report.

d. Appeals

Appeals and disputes regarding the Final Monitoring Report must follow the procedures outlined in [SCW Policy 304 - WorkSource Dispute Resolution](#).

e. Access to Records

It is a requirement that the subrecipient permit SCW staff to have access to records, financial statements, facilities, and participants.

f. Additional Review / Technical Assistance

In addition to the annual review, some monitoring activities may be conducted remotely, by phone, through desk reviews of documents and reports, and by such other means as deemed necessary by the SCW staff. If an area of concern or practice is identified at any point, the SCW may offer or coordinate technical assistance as needed.

IV. Definitions:

AREAS OF CONCERN: Areas of Concern include clear and direct areas of non-compliance with federal, state, and local laws and regulations. Areas of Concern are identified in the Draft Final Monitoring Report and Final Monitoring Report.

CORRECTIVE ACTION: Action taken by the subrecipient that corrects identified deficiencies, produces recommended improvements, or demonstrates that audit findings are either invalid or do not warrant subrecipient action.

DISALLOWED COSTS: Disallowed Costs include any expenses of federal or state funds that are determined to be unallowable, unallowable, or unreasonable based upon federal or state law or regulations.

FINDING(S): Finding(s) include: (a) any item or combination of items that result in Disallowed Costs above \$25,000; (b) any item, combination of items, or process that poses a significant risk to the organization's control systems and ability to meet the requirements of federal and state grants and contracts; and (c) any Areas of Concern identified in a previous year's Final Monitoring Report that has not been addressed/resolved. Findings are included in the Draft Final Monitoring Report and Final Monitoring Report.

IMPROPER PAYMENT: Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts are overpayments or underpayments that are made to eligible recipients (including inappropriate denials of payment or service, any payment that does not

account for credit for applicable discounts, payments that are for an incorrect amount, and duplicate payments). An improper payment also includes any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments authorized by law).

OBSERVATIONS: Observations include items or areas that, while not a clear and direct violation of state or federal law or regulation, could lead to such a violation if not addressed. Observations are identified in the Draft Final Monitoring Report and Final Monitoring Report.

QUESTIONED COSTS: Costs questioned by the monitor as being unallowable, unallowable, or unreasonable. Questioned costs are costs that (a) resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a federal or state award, including for funds used to match federal funds (unallowable); (b) where the costs, at the time of the monitoring visit, are not supported by adequate documentation (unallowable); or (c) where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances (unreasonable). Questioned costs will be resolved in one of two ways: (a) Questioned Costs that are determined to have been allowable, allocable, and reasonable are considered allowed; or (b) Questioned Costs that are determined to be unallowable, unallowable, or unreasonable will be disallowed.

SUBRECIPIENT: A non-federal entity that receives a sub-award from a pass-through entity to carry out part of a federal program, but does not include an individual who is a beneficiary of such program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

V. **References:**

[Public Law 113-128, Sections 184 and 185](#)

[2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

[20 CFR Sections 683.200-220 and 683.400-440](#)

[2 CFR Part 200.332 - Requirements for pass-through entities](#)

[2 CFR Part 200, Subpart D – Post Federal Award Requirements](#)

[2 CFR Part 200, Subpart F - Audit Requirements](#)

[State Administrative and Accounting Manual \(SAAM\), Section 50.30 - Compliance with Federal Single Audit Act](#)

[WIOA Title I Policy 5414 - WIOA Title I Monitoring](#)

[Generally Accepted Accounting Procedures \(GAAP\)](#)

VI. **Website:**

scworkforce.org