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WORKFORCE DEVELOPMENT PROGRAMS

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Category: WIA, Wagner-Peyser, and TAA
Subject#: Performance and Compliance Review Process
Source: Federal/State
Revise/Replace: PGL 08-14-WIA and PGL 08-18-WIA
Contact: Workforce Development Programs Director
Distribution: Managers, Workforce Development Staff, Workforce Region Directors, Fiscal
Colorado One-Stop System Policy Guidance Letter#: 15-01-WIA
Date: March 20, 2015

Revisions Occurring After Local Review Are Yellow-Highlighted

I. REFERENCE(S):

- Title I of the Workforce Investment Act (WIA) of 1998;
- WIA Final Rules – 20 CFR Parts 667.400-410, et al. (August 11, 2000);
- Wagner Peyser Act of 1933 as amended by Title III of the WIA of 1998;
- 20 CFR 652.8 State Employment Service System Administrative Provisions;
- Trade Adjustment Assistance Reform Act of 2002 (P.L. 107-210);
- TAA regulations at 20CFR617.22;
- Trade and Global Adjustment Assistance Act of 2009 (P. L. 111-5);
- ETA TEGL 11-02 Operating Instructions for Implementing the Amendments to the Trade Act of 1974 Enacted by the Trade Act of 2002;
- ETA TEGL 22-08 Operating Instructions for the Amendments to the Trade Act of 1974 Enacted by the Trade and Globalization Adjustment Assistance Act of 2009
- Title 38, USC Section 101(2), Chapters 41 and 42;
- The Jobs for Veterans Act (JVA) of 2002, Public Law (P.L.) 107-288, section 2(a) codified at 38 U.S.C. 4215;

II. PURPOSE:

The Colorado Department of Labor and Employment (CDLE) is committed to quality, effective and efficient employment and training programs that will result in positive outcomes for the Colorado's job seeker and employer customers. In support of this goal, this PGL has been developed to:

- Merge and align the previous program review and compliance monitoring processes
- Provide updated monitoring tools and questionnaires
- Establish a robust system of technical assistance to encourage continuous improvement of the workforce system and help local areas avoid compliance issues
- To change the titles of CDLE's Regional Services Team staff to Regional Liaison and Program Monitor

III. BACKGROUND:

The WIA regulations state that "the Governor must develop a State monitoring system. . . and must monitor Local Boards annually for compliance with applicable laws and regulations. . . ." CDLE's State Regional Liaisons will be the leads for implementing these monitoring requirements at the State level through a variety of continuous improvement methods throughout the Program Year. These include, but are not limited to, performance and compliance reviews, preparation of At-A-Glance dashboards, data validation and local plan reviews, and ongoing technical assistance.

During the last three years, CDLE program monitors have been focusing on providing quality customer service to the local areas that includes a focus on open dialogue, prevention, and technical assistance, in addition to compliance monitoring. This PGL will reinforce the commitment of the Regional Services Team to review workforce programs and operations for compliance with the law, accuracy and effectiveness of programs (administrative, program, fiscal and data); and, overall program quality and excellence.

IV: POLICY/ACTION:

A. <u>Overview of the Performance and Compliance Review Process</u>

The Regional Services Team will identify program successes, opportunities for improvement, promising practices and ways to assist local areas in the strategic alignment of their local plan and its intended outcomes through the following reviews and activities:

- Monthly At-A-Glance Program Review and Ongoing Performance Review
- Annual Program Performance and Compliance Review
- Focused Program Reviews
- Data Validation Review
- Mid-Year Program Performance Review
- Monitoring Trend Analysis
- Local Plan Review
- Technical Assistance

These reviews and activities will continue to serve as an on-going qualitative and quantitative analysis of a local area's plan, goals and outcomes, as well as regional and local strengths and deficiencies.

B. <u>Monthly At-A-Glance Program Review and Ongoing Performance Review</u>

The At-A-Glance review is a tool for CDLE *and* the local area to provide a monthly overview and target areas of concern as well as identify milestones and level of performance. The Regional Services Team will utilize the At-A-Glance tool to conduct a strategic analysis desk review to compare the last two performance years with the current program year. Any results of concern will be brought to the attention of the local area by the Regional Services Liaison. No formal reports will be issued as a result of this monthly review.

The monthly At-A-Glance program reviews will include:

a. Planned versus actual expenditures
b. Planned versus actual participant numbers
c. Performance measure outcomes
d. Other metrics as appropriate to the program or grant

C. Annual Program Performance and Compliance Review

The overall annual program performance and compliance review will be conducted for every federally recognized workforce region once every twelve (12) months. The Regional Liaison will lead a monitoring team of subject matter experts in the following funding streams to include, but not be limited to.

a. WIA Programs (Adult, Dislocated Worker, Youth)
b. Wagner-Peyser
c. Veteran Programs
d. Trade Act Adjustment Program
e. Special Initiatives
f. Discretionary Grants

Review Process: The program performance review process will consist of a desk review of report data and other documents, review of client case files, and on-site monitoring visits that include interviews with management, administrative and program staff. It will also include an analysis of the program year's performance and annual plan outcomes for possible compliance issues, and may include discussions regarding the status of staffing, programs, grants, and strategic initiatives.

Review Report: The initial annual program performance report will be issued to the Workforce Regional Director within 45 days of the annual program performance exit interview. The Workforce Regional Director will be given three working days to review the draft initial report and provide comments prior to the issuance of the official initial program performance report. Local areas will be required to respond in writing to the compliance issues and identified areas of risk, plus provide a plan of action to address both (to include technical assistance needs and requests, as appropriate). This response is due to CDLE within 30 days of receipt of receiving the initial report. A final monitoring report will be issued to the Regional Director, the Workforce Board Chair, and local Elected Officials within 30 days of receipt of the local response. The Workforce Regional Director will be given three working days to review the draft final report and provide comments prior to the issuance of the official final monitoring report. The Regional Services Liaisons will be responsible for providing follow-up and technical assistance as needed to assist the local area with the implementation of action items or the correction of compliance issues identified in the final report.

NOTE: Local staff are encouraged to study the monitoring guides listed in Section F below prior to their annual performance and compliance monitoring review. In preparation for the review, local areas *may* wish to complete written responses to the guide questions; however, interviews with staff and management will be a vital piece of the review process.

D. Focused Program Reviews

The Regional Services Team has the option to conduct focused program reviews for any workforce development program as needed throughout the program year.

A focused program review could be deemed necessary based on, but not limited to, the following indicators:

a. Alignment with the Local Workforce Investment Board (LWIB) Strategic Plan Local area priorities and/or initiatives
b. Prior or current risk assessments

The Review Process and Review Report procedures described in Section C above would apply to any focused program review.

E. Risk Assessment Categories and Evaluation

CDLE has updated the risk assessment tool **(see Attachment 8)** to formalize its ongoing evaluation of risk and make it an integral part of the annual Program Review monitoring process. Risk assessment has long been a standard element of many administrative, program and financial monitoring systems, and allows the reviewer to determine focus areas for the monitoring; evaluate issues confirmed or uncovered in the monitoring review for level of risk; and assist in determining and providing technical assistance that may be needed to address identified risk areas. Risk assessment is ongoing throughout the program year.

Specific areas of risk have been identified to determine three potential levels of risk including:

a. **High:** Inability to resolve compliance issues during the program year, major deficiencies in program governance, administration, delivery and accountability.
    - The first year that a region is identified as high risk will result in technical assistance and regularly scheduled follow-up to monitor progress towards resolving high risk issues. In some instances, the extent and severity of the issues uncovered during the first year may require a formal corrective action plan and formal follow-up monitoring.
    - Any local region that is assessed at high risk for two consecutive years will be placed on a formal Corrective Action Plan that will include, but not be limited to, a continuation and intensification of technical assistance, follow-up monitoring, and other specific action steps needed to resolve the issues, up to and including the possible reorganization of the local board.
b. **Moderate**: Difficulty resolving compliance issues during the program year, medium-level deficiencies in program governance, administration, delivery and accountability
c. **Low:** First time compliance issues, limited deficiencies in program governance, administration, delivery and accountability.

The risk levels are defined in **Attachment 8 - Risk Assessment Categories and Evaluation,** and apply to the following categories:

a. Governance
b. Administrative, Program/Grant, and Financial Management Systems
c. WIA and WP Program Services and Delivery Systems
d. Performance Accountability

Each sub-category will be assigned a risk level that is evaluated in aggregate to determine an overall risk assessment for the local area. The assigned risk level will be identified in the annual program review report. The local area director may formally request a re-review of the risk level assessed in the final report if they believe that all compliance issues have been successfully resolved. Within 60 days the monitoring team will conduct a re-review (including a small file sample, when needed) to determine if the issues have

adequately been addressed and warrant downgrading of the assessed risk level. A formal response will be sent to the local area director with the decision of whether or not to modify the risk level assessed during the annual program review. Any change to the assigned risk level will occur only after completion of the program year for which the risk issues and risk level were identified.

F. Monitoring Trend Analysis

At the conclusion of each Program Year, the Regional Services Team will compile the data from Compliance, Action, and Observation/Recommendations from each workforce region. The data will be analyzed to identify statewide trends from across all programs. This data will be utilized to determine regional needs for technical assistance, and statewide training.

G. Performance and Compliance Review - Monitoring Tools and Questionnaires

Attachment 1 – WIA and Wagner-Peyser Governance: This tool contains questions regarding the governance mechanisms for WIA and Wagner-Peyser (WP) programs.

Attachment 2 – WIA and Wagner-Peyser Administration, Program, Grant, and Financial Management Systems: This tool contains questions covering administrative topics, as well as defined questions related to the risk assessment.

Attachment 3 – WIA and Wagner-Peyser Local Policy Guide: This tool contains questions regarding the required local policies.

Attachment 4 – WIA and Wagner-Peyser Performance Accountability: This tool incorporates all questions regarding performance, planned outcomes and deliverables (as defined in the Expenditure Authorization [EA] Statement of Work and the quarterly chart goals for planned expenditures, performance and enrollments), and includes inquiries regarding the history and resolution of compliance issues.

CDLE is now including a compliance question regarding the 70% expenditure goal for all WIA and Wagner-Peyser formula funds available for the previous program year. Per PGL 14-04-WIA PY14 Local Plan Guidelines, this goal remains in place to help the workforce system avoid federal rescissions of unspent funds. Under expenditure of WIA or Wagner-Peyser formula funds that exceeds 15% at the end of the program year will be considered a compliance issue. For example:

- Funding available for PY14 = $1,000,000
- 70% expenditure goal = $ 700,000
- 56% spent by 6/30/15 = $ 560,000 (concern raised)
- 55% spent by 6/30/15 = $ 550,000 (compliance issue cited)

Discretionary Grant funds must generally be spent in proportion to the total elapsed time of the grant, but always within plus or minus 15% of the Expenditure Authorization quarterly expenditure goals. One hundred percent of each discretionary grant must be spent by the end of the grant period. Return of funds may result in a compliance issue and/or reduced funding for future grant opportunities.

Attachment 5 – Program and File Review Guides (revised): Contains the file review guides and checklists for WIA, WP, and TAA, some of which have been updated and reformatted. Please see:

- **5a –** Wagner-Peyser Applicant File Review Checklist
- **5b –** Wagner-Peyser Job Seeker/Business Services Program Review Guide
- **5c –** WIA Adult/Dislocated Worker File Review Checklist
- **5d -** WIA Adult/Dislocated Worker Program Review Guide
- **5e –** WIA Youth File Review Checklist
- **5f –** WIA Youth Program Review Guide
- **5g –** Trade Adjustment Act File Review Checklist
- **5h –** Trade Adjustment Act Program Review Guide
- **5i** – Veteran Program Services Program Review Guide

Attachment 6 – Required Local Policies and Documents (revised): Contains a list of required local policies and a list of all documents that need to be provided to the Regional Liaison for desk review prior to on-site annual compliance monitoring.

Attachment 7 – Per-Client Expenditure Monitoring Procedures (revised) for**:**

- Per-client expenditures and
- Related ITA and supportive services awards

Attachment 8 – Risk Assessment Categories and Evaluation (revised): Provides the basis for evaluating whether a category or sub-category is low, moderate or high risk.

Attachment 9 – Annual Program and Compliance Review Calendar and Timeline (new): This attachment details local area review and monitoring schedule and timelines.

H. Annual Data Validation Review

Annual Data Element Validation is conducted to ensure that the data elements in participant records that are used to calculate aggregate reports are accurate. Annual Data Element Validation involves on-site reviews of a sample of participant records against source documentation to ensure compliance with federal definitions. The sample files are selected by the U.S. Department of Labor (USDOL) software from exiters reported on the WIA annual report. Data Element Validation file reviews will be conducted by CDLE's Regional Services Team beginning in the month of November each. Local areas will receive a schedule of on-site visits via email, and a list of files to be reviewed will be sent separately. To minimize travel time and costs, and ensure that deadlines are met, local areas will have a five-day notice before the review to allow for the collection of case files at a central location within the regions. The Regional Services team may request that participant files be mailed or transported to a central location to facilitate the review. (See PGL 14-10-WIA for complete guidance on Data Validation requirements.) Results of the Annual Data Validation Review do not impact the regions risk assessment.

I. Mid-Year Program Performance Review

A mid-year program performance review will be conducted for every federally recognized workforce region. The Regional Liaison will conduct a desk review of 2nd quarter data (utilizing Connecting Colorado and Financial Reporting data) in February of each year and provide a report to the region by March 15th. The mid-year program performance review will include, but is not limited to, the following areas:

- Funding levels/expenditures
- Participant numbers
- Performance measures
- Identify and discuss needed or required annual plan modifications (modifications are due by March 31st
- Workforce Center Operations
- Discretionary Grants

The local area is expected to respond to the mid-year performance review report to address any areas of concern identified in the report and implement strategies with the assistance of the Regional Liaison to resolve deficiencies prior to the close of the program year. Responses must be received by the Regional Liaison by March 31.

J. <u>Local Plan Review</u>

In May each year, each local area is required to submit a local plan for the upcoming program year that includes the following components:

- Local Plan Signature Sheet
- Local Plan Narrative
- Expenditure Authorizations (EA's), complete with Budget Information Summary Tables (BISTs), performance charts, expenditure charts, and signature pages.
- Budget and Service Level Chart

All local plans will be reviewed by the Regional Liaisons, Program Monitors, and the Colorado Workforce Development Council. The above components will be the primary factors for the approval of the entire local plan by the Council.

K. <u>Technical Assistance</u>

Regional Liaisons and Program Monitors will provide ongoing assistance to workforce regions based on needs identified as a result of the reviews throughout the program year. Regional Liaisons and Program Monitors will also be available throughout the year to provide technical assistance upon request from the local area.

V. IMPLEMENTATION DATE: Upon receipt of this PGL.

VI. INQUIRIES:

Please direct all inquiries to your Regional Liaison at Workforce Development Programs.

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Elise Lowe-Vaughn, Director
Workforce Programs, Policy, and Strategic Initiatives

ATTACHMENTS:

1. WIA and Wagner-Peyser Governance
2. WIA and Wagner-Peyser Administration, Program, Grant, and Financial Management Systems
3. WIA and Wagner-Peyser Local Policy Guide
4. WIA and Wagner-Peyser Performance Accountability
5. Program and File Review Guides
    - 5a – Wagner-Peyser Applicant File Review Checklist
    - 5b – Wagner-Peyser Job Seeker/Business Services Program Review Guide
    - 5c – WIA Adult/Dislocated Worker File Review Checklist
    - 5d - WIA Adult/Dislocated Worker Program Review Guide
    - 5e – WIA Youth File Review Checklist
    - 5f – WIA Youth Program Review Guide
    - 5g – Trade Adjustment Act File Review Checklist
    - 5h – Trade Adjustment Act Program Review Guide
    - 5i - Veteran Services Program Review Guide
6. Required Local Policies and Documents
7. Per-Client Expenditure Monitoring Procedures
8. Risk Assessment Categories and Evaluation
9. Annual Program and Compliance Review Calendar and Timeline