



Category/Subject: Performance and Compliance Review Process
Colorado Policy Guidance Letter#: ADM-2015-02, Change 1 (prior #15-01-WIA)
Revise/Replace PGL#: PGL 08-14-WIA and PGL 08-18-WIA
Date: July 1, 2016
Distribution: CDLE Management/Finance, State/Local Workforce Directors & Staff, Partners

All Change 1 Revisions are Yellow-Highlighted

I. REFERENCE(S):

- Workforce Innovation and Opportunity Act, PL 113-128 – July 22, 2014;
- 20 CFR Parts 601, 651, 652 et al. Workforce Innovation and Opportunity Act; Notice of Propose Rulemaking: Proposed Rules;
- TAA regulations at 20CFR617.22;
- Trade Adjustment Assistance Extension Act of 2011 (TAAEA 2011): PL 112-40
- Trade Adjustment Assistance Reauthorization Act of 2015 (TAARA 2015): PL 114-27
- 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 was developed to:

- Merge and align the previous program review and compliance monitoring processes
- Provide updated monitoring tools and WFC Questionnaires
- Establish a robust system of technical assistance to encourage continuous improvement of the workforce system and help Local Workforce Areas avoid compliance issues
- **Update all WFC Questionnaires and Monitoring Guides to reflect WIOA requirements**

III. BACKGROUND:

The Workforce Innovation and Opportunity Act (WIOA) states, “Each Governor of a State shall conduct on an annual basis onsite monitoring of each Local Workforce Area within the State to ensure compliance with the uniform administration requirements...” CDLE’s State Regional Liaisons are 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.

CDLE program monitors focus on providing quality customer service to the Local Workforce Areas that include a focus on open dialogue, prevention, and technical assistance, in addition to compliance monitoring. This PGL reinforces 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. Overview of the Performance and Compliance Review Process

The Regional Services Team will identify program successes, opportunities for improvement, promising practices, and ways to assist Local Workforce 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 provide an on-going qualitative and quantitative analysis of a Local Workforce Area's plan, goals, and outcomes, as well as regional and local strengths and deficiencies.

B. Monthly At-A-Glance Program Review and Ongoing Performance Review

The At-A-Glance review is a tool for CDLE *and* the Local Workforce Area to provide a monthly overview and target areas of concern as well as identify milestones and level of performance. The Regional Services Team utilizes the At-A-Glance tool to conduct a strategic analytical desk review to compare the last two performance years with the current program year. The Regional Services Liaison will bring any areas of concern identified by the review to the attention of the Local Workforce Area. Formal reports will not be issued as a result of this monthly review.

The monthly At-A-Glance program reviews 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

CDLE will conduct an overall annual program performance and compliance review for every federally recognized workforce area once every twelve (12) months. The CDLE monitoring team, led by the Regional Liaison, reviews the following funding streams, including, but not limited to:

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

Grantees should provide adequate workspace and access to an internet connection (when required) for the Regional Liaison and Program Monitors. If the space is inadequate, Regional Liaison will inform the grantee and an alternate space must be provided.

Review Process: The program performance review process consists of a desk review of report data and other documents, a review of client case files, and on-site monitoring visits that include interviews with management, administrative and program staff. It also includes 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. The Local Workforce Area must provide all documents pertaining to individuals' program or grant-funded activities and related case management for the monitoring and program review process (electronic or paper case files).

Onsite Discrepancy Mitigation Process: The State Regional Services staff will offer an abbreviated technical assistance/discrepancy mitigation process as a courtesy to the local workforce areas during the week of the Local Workforce Area's onsite program monitoring review.

The purpose of this process is to encourage enhanced dialogue between the Regional Services staff and Local Workforce Area staff and address discrepancies that can be resolved while the Monitoring Team is on-site.

This process provides an opportunity for Grantee to address or resolve any identified discrepancies, *except those involving disallowed costs* while the Regional Services team is present during the monitoring reviews.

The Regional Services team will log discrepancies on paper or electronically as they are identified, and encourage Local Workforce Area staff to review the discrepancies and mitigate them at that time. The Regional Liaison will identify set times (9:00-10:00 am and 2:00-3:00 pm) for Local Workforce Area staff to ask questions and discuss issues with the Monitoring Team and ensure a line of communication while allowing the team to conduct monitoring tasks. The Regional Services staff and Local Workforce Area staff will work together to ensure that the listed items are tracked, and removed from the list after the discrepancy is resolved.

The Regional Liaison will provide the Local Workforce Area with a list of all unresolved case file discrepancies by close of business on the last day of monitoring, and give the Local Workforce Area a week to address the identified issues and provide appropriate case file documentation to the Regional Liaison. The Regional Liaison will identify any unresolved items in the annual monitoring report. If an item is relevant it will be identified in the annual monitoring report along with other discrepancies the Regional Liaison and Program Monitors feel are appropriate.

CDLE Program Monitors will maintain a log of all discrepancies, even if corrected, for their records. If the Monitors identify the same issues during the next monitoring visit, it may elevate the risk level.

Review Report: The CDLE Regional Services Liaison will issue the initial report to the Workforce Area Director within 35 days of the exit interview. The Local Workforce Area must review the report and respond in writing on any compliance issues or identified discrepancies, and provide a plan of action to address them, including any technical assistance needs or requests, as appropriate.) This response is due to CDLE within 14 days of receipt of receiving the initial report.

The final monitoring report will be issued to the Local Area Director, Workforce Board Chair, and local Elected Officials within seven (7) days of receipt of the local response. The Workforce Area Director has three (3) working days to review the draft report and provide comments prior to the issuance of the official final monitoring report. The Regional Services Liaison is responsible for providing follow-up and technical assistance as needed to assist the Local Workforce Area with the implementation of action items or the correction of compliance issues identified in the final report.

NOTE: To prepare for the review, Local Workforce Areas *must* complete written responses to the six WFC Questionnaires and submit them to Regional Liaison at least five (5) business days prior to the onsite monitoring visit. These WFC Questionnaires are:

- Attach 1: WIOA and Wagner-Peyser Governance WFC Questionnaire
- Attach 5b: Wagner-Peyser Job Seeker/Business Services Program WFC Questionnaire
- Attach 5d: WIOA Adult/Dislocated Worker Program WFC Questionnaire
- Attach 5f: WIOA Youth Program WFC Questionnaire
- Attach 5h: Trade Adjustment Assistance Program WFC Questionnaire
- Attach 5i: Veteran Services Program WFC Questionnaire

Please note that interviews with staff and management are considered a vital component of the review process.

D. Focused Program Reviews

The Regional Services Team may conduct focused program reviews for any workforce development program, as needed, throughout the program year.

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

- a. Alignment with the Local Workforce Development Board (LWDB) Strategic Plan Local Workforce Area priorities and/or initiatives
- b. Prior or current risk assessments

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

E. Risk Assessment Categories and Evaluation

CDLE updated the risk assessment tool (see **Attachment 8**) to formalize its ongoing evaluation of risk, and make the tool an integral part of the annual Program Review monitoring process. Risk assessment is a standard element of many administrative, program and financial monitoring systems, and enables the reviewer to: (1) determine focus areas for the monitoring; (2) evaluate issues confirmed or uncovered during monitoring for level of risk; and, (3) assist in determining and providing technical assistance needed to address identified risk areas. Risk assessment is ongoing throughout the program year.

The three levels of potential risk are:

High: Inability to resolve compliance issues during the program year, major deficiencies in program governance, administration, delivery and accountability.

- The first year that a local workforce area 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 may require a formal corrective action plan and formal follow-up monitoring.
- Any local workforce area that is assessed as 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 any other specific action steps needed to resolve the issues, up to and including the possible reorganization of the local board.

Moderate: Difficulty resolving compliance issues during the program year, deficiencies in program governance, administration, delivery and accountability that negatively impact program governance, administration, delivery and accountability

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. WIOA and WP Program Services and Delivery Systems
- d. Performance Accountability

Each sub-category is assigned a risk level that is evaluated in aggregate to determine the overall risk assessment for the Local Workforce Area. For the PY15 monitoring cycle, an official letter from the WDP Director will be sent to the Local Workforce Director identifying the assigned risk level. If the issues contributing to an assessment of high or moderate risk level are not resolved at the time of the monitoring visit, the WDP Director will send an official letter to the Local Workforce Director, the Local Workforce Development Board (LWDB) Chair, and the Local Elected Official.

Changes to the assigned risk level will occur only after completion of the program year in 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 **Local Workforce Area**, analyze it to identify statewide trends across all programs, determine technical assistance and training needs. **Regional Liaisons and Program Monitors will provide ongoing assistance to Local Workforce Areas based on the needs identified during the program reviews.**

G. Performance and Compliance Review - Monitoring Tools and Program WFC Questionnaires

Attachment 1/1a – WIOA and Wagner-Peyser Governance: Questions regarding the governance mechanisms for WIOA and Wagner-Peyser (WP) programs.

Attachment 2 – WIOA and Wagner-Peyser Administration, Program, Grant, and Financial Management Systems: Questions covering administrative topics, and defined questions related to the risk assessment.

Attachment 3 – WIOA and Wagner-Peyser Local Policy Guide: Questions regarding the required local policies.

Attachment 4 – WIOA and Wagner-Peyser Performance Accountability: This tool incorporates 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 the history and resolution of compliance issues.

The attachment also includes a compliance question regarding the 70% expenditure goal for all **WIOA** and Wagner-Peyser formula funds available for the previous program year. Per **PGL WIOA-2016-01, PY16-19** Regional and Local Plan Guidelines this goal helps the workforce system avoid federal rescissions of unspent funds. Under-expenditures of WIOA or Wagner-Peyser formula funds that exceed 15% at the end of the program year are considered a compliance issue. For example:

- Funding available for **PY16** = \$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 be spent in proportion to the total elapsed time of the grant, and within plus or minus 15% of the Expenditure Authorization quarterly expenditure goals. Discretionary grants must be fully expended (100%) by the end of the grant period. If discretionary grant funds are returned, it may result in a compliance issue and/or reduced funding for future grant opportunities.

Attachment 5 – Program WFC Questionnaires and File Review Monitoring Guides: Contains the program questionnaires and file review monitoring guides for **WIOA**, WP, TAA, and Veterans Program Services:

- **5a** – Wagner-Peyser Applicant File Review Monitoring Guide
- **5b** – Wagner-Peyser Job Seeker/Business Services Program **WFC Questionnaire**
- **5c** – WIOA Adult/Dislocated Worker File Review Monitoring Guide
- **5d** - WIOA Adult/Dislocated Worker Program **WFC Questionnaire**

- **5e** – WIOA Youth File Review Monitoring Guide
- **5f** – WIOA Youth Program **WFC Questionnaire**
- **5g** – Trade Adjustment Assistance File Review Monitoring Guide
- **5h** – Trade Adjustment Assistance Program **WFC Questionnaire**
- **5i** – Veteran Program Services **WFC Questionnaire**

Attachment 6 – Required Local Policies and Documents: Contains a list of required local policies and documents needed for desk review prior to the on-site annual compliance monitoring.

Attachment 7 – Per-Client Expenditure Monitoring Procedures:

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

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

Attachment 9 – Definition of Key Monitoring Report Terms: Defines terms used in a monitoring report.

Attachment 10 – Annual Program and Compliance Review Calendar and Timeline: Overview of Local Workforce Area review and monitoring schedules and timelines.

H. Annual Data Validation Review

The Regional Services team will conduct an Annual Data Element Validation to ensure that the data elements in participant files used to calculate aggregate reports are accurate. Annual Data Element Validation involves on-site reviews that compare a sample of participant records against source documentation to ensure compliance with federal definitions. The sample files are randomly selected from the exiters reported on the WIOA annual report. The annual file review process begins in November and continues until all Local Workforce Areas are reviewed. The schedule of on-site visits is emailed to the Local Workforce Areas; the list of files to be reviewed is sent separately to each office. To minimize travel time and costs, and ensure that deadlines are met, Local Workforce Areas have a five-day notice before the review to collect the case files. The Regional Services team may request that participant files be mailed or transported to a central location to facilitate the review. (See PGL MIS-2015-02 for complete guidance on Data Validation requirements.) The results of the Annual Data Validation Review do not impact the area’s risk assessment.

I. Mid-Year Program Performance Review

The Regional Services team will conduct a mid-year program performance review for every Local Workforce Area. The Regional Liaison will conduct a desk review of data through the 2nd quarter (utilizing Connecting Colorado and Financial Reporting data) in February of each year, and provide a chart with metrics and comments to the Local Workforce Area 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
- Identification and discussion of needed or required annual plan modifications

(modifications are due by March 31st)

- Workforce Center Operations
- Discretionary Grants

J. Follow-Up Process

The Regional Services team will conduct a follow-up visit prior to the next program year monitoring visit to determine whether the previously identified issues were corrected. An additional random sample of files representing the same date range may be reviewed. The team will inform the Local Workforce Area of any identified issues within one week of the follow-up visit.

V. **IMPLEMENTATION DATE:** Upon receipt of this PGL.

VI. INQUIRIES:

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



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

ATTACHMENTS (all have been revised):

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