# Monitoring and Oversight Standards and Guidelines

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1. Standard

Board staff reviews all Workforce Solutions system operations, contractors and projects to ensure effective and efficient service, proper use and safeguard of public funds, and compliance with system standards and guidelines, contractual requirements, and federal/state laws, regulations, and administrative directives.

2. Background

The Gulf Coast Workforce Board is the region’s workforce development board with planning and oversight responsibility for federal workforce dollars and service in the 13-county Gulf Coast area. Texas House Bill 1863 created the state’s workforce system, including the Texas Workforce Commission, the Texas Workforce Investment Council, and the regional workforce development boards in 1995.

The Gulf Coast Workforce Board, organized in 1996 and certified by the Governor of Texas in January 1997, selected the Houston–Galveston Area Council, the region’s council of governments, as its administrative and fiscal agent. H-GAC supports the workforce board in its planning and oversight activities, administers and accounts for all workforce dollars coming into the region, procures contractors to operate the Board’s operating affiliate Workforce Solutions, and reviews all operations for quality and compliance with applicable laws, rules and regulations.

Board staff, as well as contract consultants, monitor Workforce Solutions’ operations, including the funds from the Workforce Innovation and Opportunity Act, Child Care and Development Block Grant, Temporary Assistance to Needy Families, Supplemental Nutrition Assistance, Wagner-Peyser Act, the Trade Act, adult education funds (authorized through Title II of the Workforce Innovation and Opportunity Act, for which H-GAC assumed administrative and fiscal responsibility beginning in 2015) and any other current federal or state funds active for our region.

Monitoring activities ensure that contractors operating Workforce Solutions and related projects adhere to the Board’s standards and guidelines and federal/statelaws, rules, policies and procedures. Monitoring is a part of the Board’s responsibility to “develop state/local strategic planning, evaluation and accountability for the state’s workforce development programs and activities.”
3. Purpose
The purpose of oversight and monitoring is to ensure the Gulf Coast Workforce Board's system, contractors, and H-GAC are operating a high-quality system in compliance with the Board’s standards and guidelines; all applicable laws and regulations; agreements with federal or state grantor agencies; and appropriate administrative directives.

Board staff monitors evaluate operational and financial compliance on a periodic basis. The results are used to ensure the system operates effectively to achieve the Board’s stated results and to safeguard the expenditure of public funds. Board staff report on monitoring results to the Workforce Board Audit Monitoring Committee and this committee chair reports at each Board meeting, summarizing findings and recommendations.

4. Oversight
The Gulf Coast Workforce Board uses monitoring results in its oversight of the region’s workforce system and contractors. The Board also uses monitoring information, reports and results in making funding decisions and during procurements. The Workforce Board informs chief elected officials, represented by the H-GAC Board of Directors, of its findings and recommendations, and together the Workforce Board and H-GAC Board of Directors authorize contracts and system operations.

The Gulf Coast Workforce Board performs its oversight as a whole and does not delegate these responsibilities to any committee. The Gulf Coast Workforce Board has an Audit and Monitoring Committee that reviews the work of the monitors and reports out to the entire board.

5. Quality Improvement Reviews
The Gulf Coast Workforce Board, in its desire to be a world class workforce system, expects quality from its contractors in the way results are achieved. In support of quality improvement, Board staff and contractor staff will conduct a separate review from the Board’s monitoring and oversight compliance review.

These reviews are an opportunity to identify quality initiatives, identify challenges, and opportunities for improvement within the workforce system. It will also increase quality and ensure we are providing the best service for both our employer and applicant customer.

The reviews will be focused on quality and results will be reported to the contractor by Board staff and to the Board through the Audit and Monitoring Committee.
6. Monitoring Plan

The monitoring plan includes:

- a schedule or timetable for monitoring all units of the regional workforce system, including Workforce Solutions contractors, special projects contractors, adult education contractors, and system processes;
- the type of review planned for each (on-site review, comparative financial analysis, desk review, quality improvement or other type of appropriate review); and
- the estimated time budgeted for each review.

The Quality Manager ensures Board staff, the quality improvement team, and financial monitoring contractors use standard written monitoring processes to assess:

- the system and contractor’s delivery of high-quality, effective service that achieves the Board’s results;
- contractors’ compliance with Workforce Solutions standards and guidelines, federal/state laws, regulations and other authoritative pronouncements;
- contractors’ compliance with contractual requirements; and
- proper expenditure of, and accurate accounting for, federal/state funds.

Monitors review:

- any new contractor before, or as quickly as can be reasonably scheduled after, initiation of a contract;
- each system unit and each contractor at least once each year;
- Board administrative operations at least once every year;
- summer jobs projects with assistance of additional staff each summer; and
- other workforce projects as appropriate.

Monitors may expand the review of a unit or contractor beyond the scope of the standard monitoring program to ensure activities and systems are consistent with the intent of the applicable law.

H-GAC expects its staff members, consultants and the quality improvement team to carry out reviews in a professional manner and to accommodate special needs or schedules of contractor personnel and customers.
6.1. Areas of Review – Board Monitoring and Oversight
During each program year, H-GAC will designate specific areas for special attention. Compliance reviews include, at a minimum, the following items:

a. Workforce Solutions standards and guidelines; policies and procedures
b. basic contract and grant requirements
c. procurement, including contract award process
d. property
e. financial systems and administrative records
f. budgets, allowable costs, cost allocation, and cost limitations
g. participant eligibility
h. participant record keeping systems, tracking and reporting
i. specific legislative and regulatory program operation requirements
j. contract program design requirements
k. grievances, investigations, and grievance hearings
l. equal opportunity and accessibility standards
m. management information systems processes, standards and requirements
n. personnel standards and practices
o. compliance with Federal employment standards

6.2. Area of Review - Quality Improvement Reviews
Areas to be observed, as applicable, during the quality review include:

a. Customer service and customer satisfaction
b. Class observations and facility reviews
c. Communication and collaboration
d. Performance and production strategies
e. Employer service
   • Quality applications
   • Quality referrals
   • Quality job postings
   • Improving direct placements
f. Strategies to serve special populations
g. Other areas of quality identified in the scope of work
h. Staff
   • Training
   • Staffing
7. Operations Monitoring

7.1 Risk Assessment

At the beginning of each program year, Board staff performs an annual Risk Assessment Survey to determine the order of scheduling subcontractor monitoring visits. The risk assessment includes an analysis of the following areas for each unit and contractor:

- Changes in scope or responsibility from the previous year
- Staff turnover
- Timeliness and accuracy of reports submitted
- Fiscal integrity review
- Monitoring report rating
- Prior year continuing findings
- Number of complaints received
- Compliance with policies, rules and regulations
- Performance Achievements
- Number of Customers
- Contract Manager input

Board staff assigns a risk level to each unit and contract based on the scores from the assessment.

7.2 Scheduling

The Quality Manager develops the schedule for monitoring visits and a courtesy notification will be sent to the appropriate parties before each scheduled review when applicable. Schedule is subject to change if circumstances warrant.

7.3 Participant Record System Review

This will be an unannounced visit without an entrance or exit interview. Information maintained in electronic files will be reviewed to determine its integrity. The review is performed electronically using eligibility documentation contractors submit to their respective tracking units and the Financial Aid Support Center. Board staff conducts these reviews at least once each quarter and may increase the frequency or scope of the review based on findings from previous reviews.

Board staff monitors review customer data in the appropriate computer systems including but not limited to: The Workforce Information System of Texas (TWIST), WorkInTexas (WIT), DocuWare, Financial Aid Management System (FAMS), and Texas Educating Adults Management System (TEAMS).
Board staff issues written reports for each of these reviews to each responsible contractor. Board staff may conduct follow-up reviews electronically or on-site at the respective unit or contractor.

7.4 Desk Review
In preparation for an on-site visit, monitors review the status of the contract to be monitored with the Contract Manager and other appropriate department staff members to determine the scope of the review.

The desk review includes:
- Discussion with H-GAC contract managers and other H-GAC workforce staff on issues or problems;
- Review of the current year contract document, including the budget, staffing summary, and scope of work;
- Review of the previous year monitoring and financial monitoring report, noting any findings and evidence of resolution;
- Discussion with EO Officer regarding previous equal opportunity and accessibility review findings;
- Review of contract expenditures to date against budget; and
- Current period performance and production data for the contract.

Monitors assigned to an on-site visit prepare the plan for the review and discuss the plan with the Quality Manager before conducting the review.

7.5 Entrance Interview
At the beginning of a site visit, monitors will conduct an entrance interview with the appropriate representatives of the contractor. In the interview, the monitors will describe the scope and process of the review, the expected timetable for the review, and required information and access to individuals and records. The monitors will also discuss and arrange appropriate workspace, monitors’ working hours and access to office equipment and telephones.

7.6 Site Visit
Monitors will ensure that they are professional in dress and action while on-site. They will also be aware of the contractor’s time and make requests at the entrance to expedite the review.

The monitoring team will notify the Quality Manager of findings as they occur. The on-site manager will be notified before the exit interview. We always give a contractor the
opportunity to provide documentation and explanations for findings during an on-site visit. It is always possible that monitors will overlook documentation or it may be maintained in a different location.

While on-site the quality assurance regional monitoring team will also perform the following functions related to equal opportunity: 1) verify the implementation of corrective actions reported by the contractor for previous equal opportunity and accessibility review findings, 2) observe a demonstration of assistive technology and auxiliary aids on the matrix provided by the EO Officer, and 3) ensure required posters are displayed appropriately. The results will be reported to the Equal Opportunity Officer who will determine if further action is warranted.

7.7 Exit Interview
After completing a visit, and before leaving the site, the monitors will provide an exit interview with appropriate representatives of the contractor.

Monitors will prepare the exit agenda and submit it to the Quality Manager before the exit interview to allow the monitors time to discuss potential findings with the Quality Manager.

In the exit interview, the monitors will share areas of non-compliance found and may offer comments and suggestions on operations.

Monitors will not direct contractor staff, will not provide a preliminary rating and will not provide technical assistance. If a request for technical assistance is made by the contractor, monitors will notify the Quality Manager and the contractor’s assigned Contract Manager.

Quality Improvement Reviews
The quality improvement team will provide the information from the review to the Quality Manager. The information will be included in the annual report issued.

7.8 Reporting and Corrective Action
Section 10 of these Standards and Guidelines describes the reporting process. Section 11 describes the process for corrective action resulting from monitoring.
8. Equal Opportunity and Accessibility Reviews

H-GAC conducts equal opportunity and accessibility reviews in accordance with state and federal accessibility standards as well as guidelines issued by the applicable funding source and the Texas Workforce Commission.

8.1. Scope

At least once a year H-GAC will evaluate service accessibility and physical accessibility for the following, as appropriate: H-GAC offices, contractor administrative offices, Workforce Solutions service points and support units, Adult Education providers, and special project contractor sites.

8.2. Risk Assessment

At the beginning of each program year, the Equal Opportunity Officer will perform an annual risk assessment to determine the scheduling order for equal opportunity and accessibility reviews.

The risk assessment will take into consideration results from previous years’ reviews, facility additions or changes, and discrimination complaints.

8.3. Scheduling

Based on the results of the risk assessment, the Equal Opportunity Officer will develop a schedule for equal opportunity and accessibility reviews. The schedule is subject to change if circumstances warrant. A courtesy notification will be sent to appropriate parties before each scheduled review.

8.4. Service Accessibility Review

The Equal Opportunity Officer will conduct service accessibility reviews using the WIOA Section 188 Checklist, which includes, as appropriate, an examination of:

- equal opportunity policy dissemination;
- demographics of customers served by sex, ethnicity/race, age and disability status;
- the results of each entity’s annual review of their job descriptions, training plans, contracts, assurances, policies, procedures, and other similar documents to ensure they are not discriminatory;
- physical retention of medical and disability related information;
- discrimination complaint processing;
- accommodation request processing; and
- corrective actions/sanctions.
8.5. **Physical Accessibility**

The Equal Opportunity Officer will also conduct physical accessibility reviews using a checklist based on the 2010 Americans with Disabilities Act (ADA) standards and the 2012 Texas Accessibility Standards (TAS). This review is aimed at ensuring locations are architecturally barrier free and will include asking for a demonstration of all available assistive technology and auxiliary aids.

8.6. **Reporting**

No later than thirty (30) working days following the completion of the equal opportunity and accessibility review, the Equal Opportunity Officer will issue a report that identifies, at a minimum: (1) the name of the contractor reviewed, (2) the site(s) reviewed, (3) the date of the review, (4) the date the report was written, (5) the names of individuals interviewed, (6) findings from the review, (7) recommendations for corrective actions, (8) the response due date and (9) next steps. The report will be sent to Contractor management staff and the manager of the site reviewed, with copies to the Director of Human Services, Workforce System Program Manager, Quality Manager, and Contract Manager.

8.7. **Corrective Actions**

All correspondence related to equal opportunity and accessibility reviews should be submitted to the Equal Opportunity Officer.

Contractors are required to submit corrective action plans, including a timetable for completion, by the deadline stated in the report. Responses are reviewed and feedback provided. Proof of completing corrective actions should be submitted within the agreed upon timeframe, unless an extension is granted. Once proof of completion has been accepted for all findings, a final report will indicate the date of resolution.

Equal opportunity and accessibility review reports, corrective action plans, and ongoing correspondence are maintained for use in follow-up activities and future reviews.

**Note:** Corrective action plans involving any type of expenditure of funds must be approved by the Equal Opportunity Officer prior to purchase or service authorization.

8.8. **Sanctions**

In the event the Contractor is unable or unwilling to implement the approved corrective action plan, the Board may institute sanctions in accordance with its sanctions policy as listed in the Contract Management Policies and Procedures.
9. Financial Monitoring

Gulf Coast Workforce Board uses contracted fiscal monitors procured through an RFP process. We contract with CPA firms experienced in government accounting procedures. Proposals are reviewed and analyzed by Workforce Board staff and H-GAC financial staff. References are checked and the H-GAC Board of Directors approves the contract(s).

Workforce Board Contract Managers work with the contracted financial monitors to assign the work, approve the schedule and ensure the risk assessment provided meets Board needs.

The contracted monitors can perform these functions:
- Pre-award/ financial integrity reviews as needed
- Annual comprehensive fiscal monitoring of all Workforce Board subcontracts
- Billing reviews of the major subcontracts
- Special reviews deemed necessary by Workforce Board staff

9.1. Pre-award/Fiscal Integrity Review

Gulf Coast Workforce Board assesses its contractors to ensure providers meet fiscal integrity requirements based on the following schedule:
- Contracts under $100,000: Fiscal indicators are verified prior to the award of the contract and at each renewal of the contract
- Contracts between $100,000 and $500,000: Fiscal indicators are verified prior to the award of the contract, at each renewal of the contract, and not less than biennially
- Contracts over $500,000: Fiscal indicators are verified prior to the award of the contract, at each renewal of the contract, and not less than once annually.

Fiscal integrity reviews for current contractors with active contracts shall include a desk review of the following items:
- Most recent Workforce Solutions Gulf Coast contracted financial monitoring *¹
- Most recent independent audit or certified financial statements
- Debarment status

Fiscal integrity reviews for new contractors shall include a desk review of the following items:
- Most recent independent audit or certified financial statements
- Debarment status
- Financial policies and procedures *²
- Appropriate bonding and insurance *²
- Cost allocation plan *²
9.2. Annual Financial Monitoring

The objectives of financial monitoring are:

- To ensure that written policies and procedures address the fundamental requirements of the H-GAC financial guidelines and applicable state and general guidance.
- To verify the contractor has adequate internal controls within the financial and accounting processes that are designed and operating to ensure compliance with the guidance identified in the policies and procedures.
- To verify the financial controls are operating as designed and transactions are processed and reported accurately.
- Areas of review:
  1. Accounting Policies and Procedures
  2. Accounting Information System
  3. Procurement
  4. Accounts Payable
  5. Personnel (Human Resources and Payroll)
  6. Cash Management
  7. Property Management and Inventory
  8. Cost Allocation and Budget
  10. Customer Complaints
  11. Subcontracts
  12. Insurance

9.3. Risk Assessment

At the beginning of each program year, H-GAC staff in coordination with contracted financial monitors will perform an annual risk assessment to determine the scheduling order for monitoring. The risk assessment will include the following areas:

- Complexity of services provided
- Contractor tenure
- Accuracy of reporting
- Issues identified in prior monitoring
- Contracted amount
- Overall performance

*¹ The fiscal integrity evaluation required by 40 TAC §802.21 can be accomplished by relying on the work of other reviews, audits, or examinations, to the extent that such work meets the rule’s stated objectives and requirements.

*² New contractors may be granted up to 30 days into the contract period to provide fiscal integrity documentation if approved by the Contract Manager.
A score will be listed for each area from 0 = No Risk to 5 = High Risk. Based on the highest risk ranking and consultation with contracted financial monitors a schedule is developed.

9.4. Financial Aid Billing Monitoring

The objectives of financial aid billing monitoring are:

- To verify that expenditures submitted to H-GAC for reimbursement were for allowable costs and activities in accordance with Texas Workforce Commission’s Financial Monitoring Guide, OMB Circulars, contract, federal and state requirements.
- To verify a contractor is following reporting standards in accordance with H-GAC contract requirements as described in the Workforce Solutions Contract Management Standards and Guidelines.

9.5. Special Reviews

This activity is outside of the scope of the financial monitor’s contract. Should occasion arise that the Gulf Coast Workforce Board deems appropriate to take a closer look at a contract, we will amend the financial monitor’s contract to cover the required work.

9.6. Audit Resolution

H-GAC has internal auditors that review all our contractors’ annual audits. They also sample the financial and program monitor’s reports.

9.7. Financial Monitoring Reports

The Contract Liaison will issue financial monitoring reports according to the steps and schedule detailed in section 10, with a copy to the Quality Manager including work papers.
10. Reporting

The monitor will prepare a written report after each review. The report will identify, at a minimum: (1) the name of the contractor reviewed, (2) the dates of the review, (3) the date the report is submitted, (4) the site(s) and activities that were reviewed, (5) a summary of contractor staff, program participants, and other individuals interviewed, (6) the method of review, (7) highlights of success and accomplishments, (8) findings from the review, including any findings on non-compliance with federal/state laws, regulations and other authoritative pronouncements or H-GAC's contract, (9) recommendations for improvement on these findings, and (10) any other areas of program performance or financial systems that may deserve special attention. A monitor may also make suggestions for improvements in program operation that are not related to compliance issues.

Field work papers and the monitoring report are due to the Quality Manager no later than ten working days from the exit. All monitoring reports, including work papers, are due to be issued no later than twenty (20) working days following the day of the exit interview; however, when a finding is discovered during the report writing process, the monitor must brief the Quality Manager immediately.

When the report is issued, it will be in draft format. The contractor will have the opportunity to respond to findings and make corrections before a final rating is determined. After the final report is issued, the report will be shared with the Regional Management Team.

Upon receipt of the financial monitoring report and work papers from the contracted financial monitor the contract manager for the financial monitors will provide a copy to the appropriate H-GAC staff, Workforce System Program Manager, Workforce Coordinator, Contract Manager and Quality Manager.

The Contract Manager is responsible for submitting the financial monitoring report to the contractor with instructions to return a response. Upon receipt of the response the contract manager will review the reports and determine whether the response addresses the concern. If additional information is required, the contract manager will contact the contractor for additional information. A final report will be issued indicating whether findings were resolved.

The Quality Manager prepares a briefing for the Audit and Monitoring Committee that highlights monitoring conducted and significant findings, resolution of monitoring and trends identified. The Chair of the Audit and Monitoring Committee presents a report to the Board based on the information presented by the Quality Manager.
10.1. Contractor Internal Monitoring Reports
Annual internal monitoring reports, including any findings and actions planned, should be submitted as required in the Contract Management Standards and Guidelines. Internal monitoring, workpapers and reports conducted by the contractor must be maintained electronically to ensure access for the monitoring team to review.

10.2. Performance, Production and Financial Accountability
Gulf Coast Workforce Board and H-GAC Board of Directors are provided regular reports concerning the performance and operation of workforce related programs. Included are:
1. Reports on program performance, expenditures and applicable performance standards and goals as well as required reports from the separate funding streams;
2. H-GAC’s monitoring self-evaluation and the Texas Workforce Commission monitoring reports;
3. H-GAC’s annual audit; and
4. The annual WIOA report to the Governor that includes a description of actions taken to meet the State’s coordination goals.

10.3. Contractor Performance and Production
Gulf Coast Workforce Board and H-GAC Board of Directors are provided regular reports concerning the performance of H-GAC’s workforce related program Contractors. These reports include:
1. Reports on Contractor performance, expenditures, and applicable performance standards or goals (annual and periodic reports);
2. Summaries of individual Contractor monitoring reports, including corrective actions taken to resolve problems; and
3. When requested, the Contractor audit information.
11. Process Improvement

The Quality Manager and/or Contract Manager, as appropriate will forward reports, findings and recommended actions to the contractor. Contractors are required to respond to the reports in writing within the timeframe given in the report (ten to fifteen working days). Responses must describe plans for corrective action with a timetable for accomplishing the changes and the staff person and position responsible for carrying out this action.

The Contract Manager and the Quality Manager will review responses to monitoring findings and planned actions to determine the adequacy of the response and pending upon availability include the Grants Management Coordinator and Operations Manager.

After review of the response and the determination of the adequacy of the response the assigned Contract Manager will notify the contractor of any additional information required. If an extension is needed, the Contract Manager will inform the Quality Manager of the extension dates.

Monitoring reports, contractor replies, and action plans will be maintained on file for use in follow-up activities, future monitoring, and contract performance reviews.

11.1. Resolution

11.1.1. H-GAC Monitoring

The Contract Manager will primarily be responsible for resolution of monitoring. After receipt of the response to monitoring the Contract Manager will have 10 working days to issue the final report that will include resolution and/or what needs to further be addressed or set up a date for a meeting to discuss the monitoring or establish a corrective action plan. Further action required must be implemented within 30 days of receipt of the response from the contractor.

Copies of the resolution letter/report/meeting notes and any documentation must be maintained. The Contract Manager must include documentation in the resolution folder, when actions have been completed.

After review of the documentation submitted and/or completion of the corrective action a follow up visit may be required. The Quality Manager will schedule a follow-up visit as appropriate, once corrective actions are complete. The monitor will write a report on each follow-up visit to document the contractor's progress in resolving findings. The transmittal of follow-up reports will follow the same path and timeline as the initial monitoring report.
After a follow-up visit, the Quality Manager may choose to schedule additional follow-up visits or reviews.

11.1.2. Grantor Agency Monitoring
The Workforce System Program Manager and Quality Manager are responsible for preparing responses to findings from a review by grantor agencies, including the Texas Workforce Commission. The Quality Manager will review the response prior to submitting to the Director of Human Services. H-GAC's Executive Director reviews grantor agency monitoring reports. H-GAC's response and planned corrective actions. The Workforce System Program Manager and Contract Liaison are responsible for ensuring that planned corrective actions are accomplished.

The Quality Manager and/or the assigned monitor conducting the H-GAC self-evaluation will review the implementation of corrective actions taken because of the grantor agency monitoring report. Any deficiencies noted from this self-evaluation will be transmitted to H-GAC's Executive Director.

Copies of all written reports, responses, backup material, documents and notes collected in conjunction with each monitoring review will be retained by H-GAC in accordance with each program’s record retention requirements.

11.1.3. Sanctions
In the event the Contractor is unable or unwilling to implement the approved corrective action plan, the Board shall institute sanctions in accordance with its sanctions policy.

As listed in the Contract Management Policies and Procedures, sanctions for failure to correct deficiencies may include the following: (a) placing Contractor on a Performance Improvement Plan (PIP) (b) withholding of funds / reimbursement until the deficiency is corrected, (c) reduction in budget / contract amounts, and (d) termination of the contract.

Sanctions are administered after follow-up reviews have documented failure to correct deficiencies and H-GAC's Executive Director has approved the sanction.

The contractor may use the appeal process as an avenue to appeal both sanctions and disallowed costs. The appeal process will not be handled by monitoring staff.
12. **Fraud and Criminal Activity**

A monitor suspecting fraud or criminal activity will immediately notify the Director of Human Services and Quality Manager. H-GAC will notify the Texas Workforce Commission and, if appropriate, the applicable Federal funding source. The Quality Manager and/or the compliance technicians from the Financial Aid Payment Office (FAPO) will investigate the situation with the guidance of the Texas Workforce Commission.