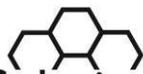


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1. Background and Purpose

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 subrecipients 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 subrecipients operating Workforce Solutions and related projects adhere to the Board's standards and guidelines and federal/ state laws, 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."

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.

2. Areas of Review

2.1. Oversight and Compliance Reviews

The Gulf Coast Workforce Board uses monitoring results in its oversight of the region's workforce system and subrecipients. 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.

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2.2. *Quality Improvement Reviews*

The Gulf Coast Workforce Board, in its desire to be a world class workforce system, expects quality from its subrecipients in the way results are achieved. In support of quality improvement, Board staff and subrecipient 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 subrecipient by Board staff and to the Board through the Audit and Monitoring Committee.

2.3. *Financial Monitoring Reviews*

The objectives of financial monitoring are:

- To ensure that written policies and procedures address the fundamental requirements of the Gulf Coast Workforce Board financial guidelines and applicable state and general guidance.
- To verify the subrecipient 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.
- To verify that expenditures submitted to the Gulf Coast Workforce Board 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 subrecipient is following reporting standards in accordance with contract requirements as described in the Workforce Solutions *Contract Management Standards and Guidelines*.

The Gulf Coast Workforce Board uses contracted fiscal monitors procured through an RFP process. Board staff assign the work, approve the schedule, and ensure the risk assessment provided meets Board needs.

The contracted monitors can perform these functions:

- Annual comprehensive fiscal monitoring of all Workforce Board subcontracts
- Billing reviews of the major subcontracts
- Special reviews deemed necessary by Workforce Board staff

2.4. *Equal Opportunity and Accessibility Reviews*

The Gulf Coast Workforce Board complies with the requirements of 29 CFR 38.51 through

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38.53 and the State of Texas Combined Non-Discrimination Plan related to Equal Opportunity monitoring. All Workforce Solutions financially assisted services and/or activities in the Gulf Coast Workforce Board are monitored for compliance with service accessibility and physical accessibility requirements stated in all applicable nondiscrimination laws including the requirements of Section 188 of WIOA; Title VI of the Civil Rights Act of 1964, as amended; and Section 504 of the Rehabilitation Act of 1973, as amended.

Annual Equal Opportunity and Accessibility Reviews are conducted by the Board Equal Opportunity Officer to ensure services provided, as well as physical access into facilities, are nondiscriminatory and provide equal opportunity for all customers.

To verify a subrecipient is following equal opportunity standards in accordance with contract requirements, all related information can be found in the Workforce Solutions *Equal Opportunity Standards and Guidelines*.

3. Scope of Reviews

3.1. Oversight and Compliance Reviews

During each program year, the Gulf Coast Workforce Board 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. Property;
- d. Participant eligibility;
- e. Participant record keeping systems, tracking and reporting;
- f. Specific legislative and regulatory program operation requirements;
- g. Grievances, investigations, and grievance hearings;
- h. Management information systems processes, standards and requirements;
- i. Personnel standards and practices;
- j. Compliance with subrecipient's internal policies and procedures;
- k. Performance and production; and
- l. Participant system records.

3.2. 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. Subrecipient's quality improvement benchmarks and scoring systems in effect;
- e. Quality referrals;
- f. Quality job postings;
- g. Strategies to serve special populations;

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- h. Other areas of quality identified in the scope of work; and
- i. Staff Training.

3.3. Financial Monitoring Reviews

3.3.1. Pre-award/Fiscal Integrity Review

The Gulf Coast Workforce Board assesses its subrecipients in compliance with Title 40, part 20, chapter 802 of the *Texas Administrative Code* to ensure providers meet fiscal integrity requirements. Pre-award reviews are conducted for all contracts, whether new or a renewal.

Fiscal integrity reviews for current subrecipients 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; and
- Debarment status

Fiscal integrity reviews for new subrecipients 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; and
- Cost allocation plan*².

**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 subrecipients may be granted up to 30 days into the contract period to provide fiscal integrity documentation if approved by Board staff.*

3.3.2. Annual Financial Monitoring

The Gulf Coast Workforce Board uses contracted fiscal monitors to review the following on an annual basis for each subrecipient:

- Accounting Policies and Procedures;
- Accounting Information System;
- Procurement;
- Accounts Payable;
- Personnel (Human Resources and Payroll);
- Cash Management;
- Property Management and Inventory;
- Cost Allocation and Budget;
- Financial Reporting;

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- Subcontracts; and
- Insurance.

3.4. Equal Opportunity and Accessibility Reviews

During each program year, the Board Equal Opportunity Officer will evaluate service accessibility and physical accessibility for the following, as appropriate:

- H-GAC offices;
- Subrecipient administrative offices;
- Workforce Solutions service points and support units;
- Adult Education providers; and
- Special project subrecipient sites.

Service accessibility reviews are conducted in accordance with the WIOA Section 188 Checklist, which includes, as appropriate, an examination of:

- Equal opportunity policy dissemination and required notices;
- Demographics of customers served by sex, ethnicity/race, age and disability status;
- Outreach to various populations;
- 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 handling;
- Provision and availability of Limited English Proficiency services; and
- Corrective actions/sanctions.

Physical accessibility reviews are conducted in accordance with the 2010 Americans with Disabilities Act (ADA) Standards and the Texas Workforce Commission ADA Monitoring Checklist for Texas Workforce Facilities Based on the 2012 Texas Accessibility Standards (TAS). The objective of this review is to ensure:

- Locations are architecturally barrier free; and
- Assistive technology and auxiliary aids are available and in working order.

4. Risk Assessment

At the beginning of each program year, Board staff will conduct risk assessments in the following areas to inform the development of the monitoring plan.

4.1. Oversight and Compliance and Quality Improvement Monitoring

Board staff performs an annual Risk Assessment Survey to determine the order of scheduling subrecipient monitoring visits. The risk assessment will include an analysis of the following areas for each unit and subrecipient:

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- Grant amounts awarded;
- 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;
- Complaints and incident reports received;
- Compliance with policies, rules and regulations;
- Performance against targets;
- Number of Customers; and
- Contract Manager input.

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

4.2. Financial Monitoring

Board 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;
- Subrecipient tenure;
- Accuracy of reporting;
- Issues identified in prior monitoring;
- Contracted amount; and
- Overall performance

Based on the highest risk ranking and consultation with contracted financial monitors a schedule is developed.

4.3. Equal Opportunity and Accessibility Monitoring

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.

5. Monitoring Plan

The monitoring plan includes:

- a schedule or timetable for monitoring all units of the regional workforce system, including Workforce Solutions subrecipients, special projects subrecipients, adult

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- education subrecipients, 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.

Board staff ensures Board quality assurance monitors and financial monitoring subrecipients use standard written monitoring processes to assess:

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

Monitors review:

- Any new subrecipient before, or as quickly as can be reasonably scheduled after, initiation of a contract;
- Each system unit and subrecipient at least once during the contract year;
- Summer jobs projects with assistance of additional staff each summer; and
- Other workforce projects as appropriate.

Monitors may expand the review beyond the scope of the standard monitoring program to ensure activities and systems are in compliance and consistent with the contract and intent of the applicable rules, regulations, and laws.

6. Monitoring Process

6.1 Scheduling

Board staff develop the schedule for monitoring visits and a courtesy notification will be sent to the appropriate parties before each scheduled review when applicable. Staff will make reasonable effort to coordinate scheduled visits in all areas of review with programmatic calendars to avoid disruption of services.

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

Each schedule is subject to change if circumstances warrant.

6.2 Desk Review

In preparation for monitoring, Board staff review the status of the contract to be monitored with the appropriate staff members to determine the scope of the review.

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The desk review may include:

- Discussion with contract managers and other 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.

Assigned monitors prepare the plan for the review and discuss the plan with management before conducting the review.

6.3 Entrance Meeting

At the beginning of a review, monitors will conduct an entrance interview with the appropriate representatives of the subrecipient. In the meeting, 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 as necessary.

6.4 Monitoring

Monitoring will take place through a combination of in-person and remote desk reviews, as appropriate and depending on the scope. When conducting reviews, in-person or virtually, monitors will be aware of the subrecipient's time and make requests at the entrance to expedite the process. Standardized instruments specific to the scope will be utilized and the subrecipient will be notified of the random sample of records selected for review where appropriate. Subrecipients will have the opportunity to provide documentation and explanations for findings during a review.

While on-site the quality assurance monitoring team may also perform the following functions related to equal opportunity: 1) verify the implementation of corrective actions reported by the subrecipient 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.

6.5 Exit Meeting

After completing an Oversight and Compliance Review, and before leaving the site (when on site), the monitors will provide an exit interview with appropriate representatives of the subrecipient. In the exit interview, the monitors will share areas of non-compliance found and

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may offer comments. Monitors will not direct subrecipient staff, will not provide a preliminary rating and will not provide technical assistance. If a request for technical assistance is made by the subrecipient, monitors will notify the appropriate Board staff.

7. Reporting

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

7.1. Oversight and Compliance Reviews

The monitor will prepare a written report after each review. The report will identify, at a minimum:

- Name of the subrecipient reviewed;
- Dates of the review;
- Date the report is submitted;
- Site(s) and activities that were reviewed;
- A summary of subrecipient staff, program participants, and other individuals interviewed;
- Method of review;
- Highlights of success and accomplishments;
- Findings from the review, including any findings on non-compliance with federal/state laws, regulations and other authoritative pronouncements or the Gulf Coast Workforce Board's contract;
- Recommendations for findings, based on policy and guidance; and
- Any other areas of program performance or financial systems that may deserve special attention. A monitor may share observations not related to compliance.

All work papers identifying findings are due to the subrecipient when the draft report is issued following the exit meeting. The subrecipient will have ten (10) working days to respond to the findings and make corrections before the final report is issued.

7.2. Quality Improvement Reviews

Designated Board staff will forward reports containing observations, findings, and recommended actions to the subrecipient upon completion of a review. Subrecipients are required to respond to the reports in writing within the timeframe given in the report. Responses must describe plans for corrective action with a timetable for accomplishing the changes and the staff person and position responsible for carrying out each action.

Board staff will review responses and planned actions to determine the adequacy of the response and will notify the subrecipient of any additional information required.

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7.3. Financial Monitoring Reviews

The subrecipient will receive the financial report from designated Board staff and provide a response. The subrecipient will have ten (10) working days to respond to the findings and make corrections before the final report is issued. Upon receipt of the response, Board staff will review the reports and determine whether the response addresses the concern. If additional information is required, Board staff will contact the subrecipient. A final report will be issued indicating whether findings were resolved.

7.4. Equal Opportunity and Accessibility Reviews

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:

- Name of the subrecipient reviewed;
- Site(s) reviewed;
- Date of the review;
- Date the report was written;
- Names of individuals interviewed;
- Findings from the review;
- Recommendations for corrective actions;
- Response due date; and
- Next steps.

8. Resolution

As listed in the Contract Management Policies and Procedures, sanctions for failure to correct deficiencies may include the following: (a) placing subrecipient on a Technical Assistance Plan (TAP) or Corrective Action Plan (CAP), (b) withholding of funds / reimbursement until the deficiency is corrected, (c) reduction in budget / contract amounts, and (d) termination of the contract.

Board staff will issue the final report after receipt of the response to the draft report from the subrecipient. This report will include resolution and/or a description of items that need to be further addressed. Further action required by the subrecipient in relation to the items identified in the report must be implemented within thirty (30) days of the final report. This may include repayment of disallowed costs. Board staff will set up a date for a follow up meeting. If acceptable progress has not been made, the subrecipient may be placed on a Technical Assistance Plan or a Corrective Action Plan.

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After review of the documentation submitted and/or completion of the corrective action a follow up visit may be required. Board staff will schedule follow-up visits as appropriate. The monitor will write a report on each follow-up visit to document the subrecipient's progress in resolving findings. The transmittal of follow-up reports will follow the same path and timeline as the initial monitoring report.

If the Technical Assistance or Corrective Action Plan is not completed successfully, the Board reserves the right to continue the plan, entertain alternative sanction, and/or terminate 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 subrecipient may use the appeal process as an avenue to appeal both sanctions and disallowed costs.

8.1. Equal Opportunity and Accessibility

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

Subrecipients are required to correct findings and/or submit corrective action plans, including a timetable for completion, by the deadline stated in the report. Responses are reviewed and feedback provided. Evidence of completing corrective actions should be submitted within the agreed upon timeframe, unless an extension is granted. Once evidence of completion has been accepted for all findings, a final report will be issued out with notice 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.

8.1.1. Sanctions

Should the EO Officer find it necessary to pursue deficiencies that have not been corrected in a reasonable amount of time, sanctions will be assessed according to the repeat findings statement found in the Contract Management Policies and Procedures. The Board shall institute sanctions in accordance with its sanctions policy and requirements of 29 CFR 38 Subpart E. The Texas Workforce Commission EO Officer will be notified of actions taken if a deficiency is not handled appropriately.

9. Other Provisions

Monitoring and Oversight Standards and Guidelines

9.1. Special Reviews

Should occasion arise that Board staff or The Gulf Coast Workforce Board deem it appropriate additional reviews and requests for information will take place.

9.2. Cyber-Security Reviews

H-GAC's Information Technology and Internal Audit Programs may conduct a cyber-security review as part of the pre-award process or during the contract period. H-GAC will use the National Institute of Standards and Technology (NIST) Cybersecurity Framework to conduct the review and provide observations and recommendations which are aimed to assist subrecipients in improving their cybersecurity risk management. H-GAC may also conduct follow-up reviews to ensure that the subrecipients have implemented the recommendations.

9.3. Audit Resolution

H-GAC has internal auditors that review all annual audits. They also sample the financial and program monitor's reports. Internal Audit will inform subrecipients if their annual audit reports is acceptable in accordance to the Uniform Guidance. Internal Audit will work with the subrecipient in instances of non-acceptance, to help achieve compliance.

9.4. Subrecipient's 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 subrecipient must be maintained electronically to ensure access for the monitoring team to review.

9.5. Grantor Agency Monitoring

When requested by grantor agencies, such as the Texas Workforce Commission, Board staff will coordinate responses and requests for documentation or information with subrecipients. It is expected that subrecipient staff will be responsive and cooperative in responding to grantor agencies, meeting deadlines and fulfilling requests. Board staff will provide as much notice as possible upon receiving such requests.

10. Fraud and Criminal Activity

A monitor suspecting fraud or criminal activity will immediately notify management of Quality Assurance and Human Services. The Gulf Coast Workforce Board will notify the Texas Workforce Commission and, if appropriate, the applicable Federal funding source. Board staff will investigate the situation with the guidance of the Texas Workforce Commission. Full cooperation from the subrecipient is required.