TITLE: Monitoring
POLICY #1.3.1-R1

Type: Administrative Policy

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Status: Final

Supersedes: PacMtn Policy #1.3.1

Purpose

The purpose of this policy is to define PacMtn's risk-based monitoring approach for subrecipients to ensure fiscal and program compliance with federal and state requirements. This update aligns with 2 CFR 200.332, 20 CFR 683.400–440, and Washington State WIOA Policy 5414 Rev 2. The policy ensures that PacMtn applies consistent, transparent, and proportionate oversight practices based on assessed risk levels.

Policy

PacMtn will conduct ongoing, risk-based monitoring of all subrecipients to safeguard federal and state workforce development funds, ensure compliance with applicable laws and regulations, and promote program integrity. Monitoring activities will be tailored to the assessed level of risk and will include both fiscal and programmatic oversight. All monitoring policies and procedures will be reviewed and approved by the PacMtn Workforce Development Council Board in accordance with WSS Policy 1028 Rev 1.

Policy Guidelines

1. Risk Assessment Framework

PacMtn will conduct annual risk assessments for all subrecipients. The risk assessment evaluates the likelihood of noncompliance or fiscal instability using the following factors:

- Prior performance and audit findings
- Fiscal system and staffing changes
- Contract size and complexity
- Program performance outcomes
- Compliance with reporting timelines
- Previous monitoring results and corrective action history

Risk levels (High, Medium, Low) are assigned using the Finance File Review Selections Tool and documented scoring methodology.

2. Monitoring Frequency and Scope

Risk Level	Monitoring Frequency	Monitoring Type	Scope
High	At least twice annually	On-site + desk review	Full fiscal and program review with expanded transaction testing
Medium	Annually	On-site or desk review	Standard fiscal and program compliance review
Low	Annually	Desk review (on-site as needed)	Limited review with targeted sampling

PacMtn may increase frequency or scope at any time based on changes in risk or unresolved findings.

3. Fiscal Monitoring Instruments

PacMtn will utilize standardized tools to ensure consistent and compliant monitoring practices, including:

- Financial Monitoring Guide
- Addendum F-01: Financial Management & Internal Controls
- Addendum F-02: Cost Allocation Plan Testing
- Addendum F-03: Transaction Testing (General Ledger, Participant, Payroll, WEX, Travel)
    - F-03.1: Participant Transactions
    - F-03.2: Payroll Transactions
    - F-03.3: WEX and Travel
- Finance File Review Selections Tool (Excel) for risk-based sampling methodology.

4. Program Monitoring

PacMtn conducts program monitoring alongside fiscal oversight to ensure compliance with WIOA programmatic requirements, participant service standards, and data validation accuracy.

Program monitoring activities may include:

- Participant file reviews to ensure required documentation, eligibility, and service records are accurate and complete.
- Evaluation of service delivery methods and alignment with contract outcomes and sector strategies.
- Verification of data entry accuracy in case management systems.
- Review of performance measures, including MSG, credential attainment, placement rates, and other outcome metrics.
- Assessment of coordination with partners and adherence to contract scopes of work.

5. Corrective Action and Follow-Up

- Monitoring findings, questioned costs, or required improvements will be communicated via formal Monitoring Letters.

- Subrecipients will be given a defined timeline for corrective action.
- Follow-up reviews will be conducted, and monitoring frequency may be escalated if issues persist.
- All corrective actions will be tracked and logged in accordance with internal procedures and ESD expectations.

Definitions

- **Risk-Based Monitoring:** A monitoring approach that tailors the scope, frequency, and intensity of monitoring activities based on the assessed level of risk.
- **Subrecipient:** An entity that receives a subaward from PacMtn to carry out a portion of a federal or state program.
- **High Risk:** Subrecipients with significant compliance or performance issues that require increased oversight.
- **Medium Risk:** Subrecipients with some compliance or performance concerns but no significant issues.
- **Low Risk:** Subrecipients with a strong history of compliance and performance.
- **Corrective Action:** Actions required of subrecipients to address and resolve monitoring findings.

References

- 2 CFR 200.332 and 2 CFR 200.416
- 20 CFR 683.400–440
- Washington State WIOA Policy 5414 Rev 2 (Monitoring)
- WSS Policy 1028 Rev 1 (Board Involvement)
- PacMtn Fiscal Monitoring Toolkit: Financial Monitoring Guide and Addenda F-01 to F-03.3

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