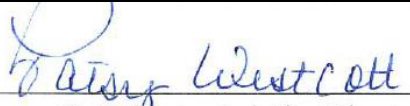


State of Alaska Department of Labor and Workforce Development

Division: Employment and Training Services	Policy: 07-523.1
Subject: Monitoring and Single Audit	Pages: 3
Reference: Federal Register 2 CFR Part 200.328 Monitoring and Reporting Program Performance and Subpart F-Audit Requirements; AAC 87.170 Records Inspection and Retention Program Monitoring ; Federal Register, Vol. 81, Part IV 682.400-240; Workforce Innovation and Opportunity Act Public Law 113-128 Chapter 75 of subtitle V of Title 31, United States Code; WIOA Program Oversight Firewall 01.02.001	Effective: 2/3/2016 Revised: 12/3/2018
Approved:  Patsy Westcott, Acting Director	<u>12/5/18</u> Date

1. Parties Affected

The Division of Employment and Training Services (DETS) staff and subrecipients receiving public funds from DETS.

2. Background

Federal uniform administrative requirements for grant awards as promulgated in the Office of Management and Budget Circulars and/or state statutes and federal regulations require monitoring to be conducted to ensure sound financial management and program activities are in line with statute, legislative or other funding source intent. Monitoring consists of a review of both financial and programmatic elements to ensure the subrecipients:

Financial management systems:

- a. provide fiscal control and accounting procedures to permit timely preparation of reports;
- b. permit the tracing of funds to establish funds have been used in accordance with allowable activities;
- c. demonstrate compliance with matching requirements, cost limitations and proper classification of costs;
- d. provide the proper allocation of costs by adopting consistently applied methods that reflect a reasonable relationship for cost benefit; and
- e. demonstrate compliance with insurance, procurement, property management and other requirements referenced in the grant agreement.

Program operations:

- a. support activities to assure program quality and performance goals are achieved;
- b. demonstrate alignment with the program design component of the Request for Grant Applications, and/or requirements outlined in legislation;
- c. align with the policies, guidance and directions issued to support program performance; and
- d. reflect appropriate program practices and procedures including participant eligibility, assessment, planning, placement and other terms and conditions of the award.

Additionally, subrecipients who receive federal or state funds are subject to audit requirements commonly referred to as “single audits” under the Single Audit Act of 1984, as amended in 1996. The Single Audit Act standardizes the requirement for auditing if a subrecipient meets or exceeds the federal or state single audit thresholds during a fiscal year unless exempted state law or appropriate federal authority. The federal single audit threshold is established by the US Government and state single audit threshold is established by the State of Alaska.

3. Policy

The monitoring of subawards and review of single audits will be conducted each fiscal year July – June by the DETS Workforce Development (WD) component. DETS will determine if an on-site or desk side monitor will be conducted based on the monitoring requirements of the state or federal program. On-site monitoring may be waived or supplementary monitoring may be conducted when it is determined additional monitoring is warranted.

To the extent possible and practical, monitoring will be:

- a) coordinated to complete a single, on-site monitor of the subrecipient when more than one award was issued in a fiscal year;
- b) conducted to ensure on-site monitor disruption and time requirements placed upon the subrecipient's organization and staff are minimized;
- c) consistent by utilizing a standard financial and program monitoring guide; and
- d) timely, with a formal, written monitor report issued within 30 days of the monitor.

The DETS WD component will assist the Alaska Department of Administration, Division of Finance by annually reviewing single audits to determine the solvency of the organization; if findings of non-compliance, questioned costs, or inaccurate reporting of award amounts exist; and if applicable, whether a corrective action plan is acceptable or the recapture of disallowed costs is warranted.

The results of all monitoring and single audit reviews will be provided to the subrecipient within 30 days after the monitoring or review date.

4. Definitions

- a) **Award** is all of the documents included in the contractual agreement between DETS and a subrecipient and includes Reimbursable Services Agreements (RSA) with other state agencies where funds are provided for services to the public.
- b) **Corrective Action Plan** are specific measures, which a grant recipient must complete to resolve findings of non-compliance or questioned costs identified through the monitoring process.
- c) **Desk Monitoring** is the review of award related activities and documents by DETS WD staff at the DETS office.
- d) **Findings of Non-Compliance** are conditions or activities that are a substantial or material violation of the statutory, regulatory, or policy requirements, or grant terms and conditions and require formal corrective action by the grant recipient.
- e) **Monitoring** is a systematic review of award-related activities conducted by DETS WD staff on a routine or periodic basis.
- f) **On-site Monitoring** is the review of award-related activities at a subrecipient's place of business.
- g) **Questioned Costs** are expenditures charged to an award that are violations of the requirements of the subaward or funding program.
- h) **Recommendations** are suggested measures that the subrecipient may want to undertake in response to administrative or program concerns identified through the monitoring process.
- i) **Single Audit** is a rigorous, organization-wide audit or examination performed by an independent auditor of a subrecipient that expends the specified limit or more of combined federal or combined state assisted funds received for its operation.
- j) **Subrecipient** is the organization named in a subaward agreement or RSA.