

Mass Workforce Issuance

100 DCS 10.101

Policy Information

To: Chief Elected Officials
Workforce Board Chairs
Workforce Board Directors
Title I Administrators
Career Center Directors
Title I Fiscal Officers
DCS Operations Managers

cc: WIOA State Partners

From: Alice Sweeney, Director
Department of Career Services

Date: March 16, 2016

Subject: **Systems Certification**

Purpose: To provide the Commonwealth's policy for Systems Certification for each sub-recipient for all federal programs administered by Department of Career Services (DCS), including, but not limited to Workforce Innovation and Opportunity Act (WIOA or the Act).

Background: The Workforce Innovation and Opportunity Act was signed into law July 22, 2014 becoming effective July 1, 2015. The final WIOA rules were issued on August 19, 2016.

WIOA Section 184 requires that the Governor must certify to the Secretary every two years that (A) The State has implemented uniform administrative requirements; (B) The State has monitored local areas to ensure compliance with uniform administrative requirements and (C) The State has taken appropriate corrective action to secure such compliance.

States are authorized by WIOA to withhold approval of Plans, de-certify local Workforce Boards, and/or withhold fund availability from any entity, which fails to demonstrate the capacity to effectively administer WIOA funds and programs.

To measure administrative effectiveness and to ensure compliance with the objectives of the Act and regulations, DCS as the designated Administrative Entity for WIOA, will be conducting a review of local area's administrative

systems, resulting in a certification determination of whether the required standards are met. In the event of a recipient or sub-recipient's failure to meet certification standards and/or comply with the uniform administrative requirements, DCS will take prompt corrective action and will impose sanctions provided in WIOA sections 184(a)(5).

Policy: The Commonwealth's Systems Certification Policy is specified herein. Any provisions contained in the WIOA Regulations, or other applicable laws and regulations shall apply, even if they are not explicitly stated in this policy. Nothing in this policy shall be construed to contradict prevailing laws.

Action

Required: All Local Area Workforce Development Boards and Fiscal/Administrative Entities must develop their own internal Policies; including but not limited to, the establishment of functioning and documented systems to enable the on-site annual review of sub-recipients in compliance with this policy, and to determine compliance with DOL uniform administrative requirements, as required by WIOA.

Effective: This Policy effective immediately for all Workforce Innovation and Opportunity Act funds provided by DCS.

References: WIOA Sec. 184(a)(5)
20 CFR 683.410(b)(5)
2 CFR 200.338

Inquiries: Please email all questions to PolicyQA@MassMail.State.MA.US. Also, indicate Issuance number and description.

DEPARTMENT OF CAREER SERVICES
SYSTEMS CERTIFICATION REVIEW POLICY

A. BI-ANNUAL SYSTEMS CERTIFICATION

Department of Career Services (DCS) as the designated Administration Entity for WIOA will conduct Systems Certification every other Fiscal Year as part of the annual Field Management and Oversight (FMO) Reviews. The Commonwealth requires all local area WIOA fund recipients and operating entities to maintain written procedures for all administrative systems. The Commonwealth's certification of these systems focuses on ensuring that the actual operation of basic systems which is described in their written procedures and evaluated through on-site review meets system certification standards. A local area's plan approval status may be affected by the local area's system certification status.

All Workforce Boards must develop their own internal Policies. These Policies must establish and document the administrative systems in compliance with this policy, and to determine compliance with DOL uniform administrative requirements, as required by WIOA.

DCS will determine the certification status of local area WIOA recipients and operating entities. Implementation and maintenance of fully certified administrative systems is a prerequisite for the receipt of WIOA funds. Each of the following required administrative systems will be reviewed for certification:

FISCAL SYSTEMS

1. Accounting Systems and Reporting
2. Cash and Grant Management
3. Cost Allocation Plan and Cost Classification Methodology
4. Audit
5. Property/Inventory Log
6. Procurement and Contracting
7. Fiscal Policy and Procedures
8. Personnel Policies and Procedures
9. Fiscal Monitoring

PROGRAM SYSTEMS

1. Eligibility System
 - a. Workforce Innovation and Opportunity Act (WIOA)
 - Adult
 - Youth
 - Dislocated Workers
2. Management Information System & MOSES
3. Individual Training Account System
4. Equal Opportunity/Non Discrimination/ADA/Grievance Systems
5. Monitoring Systems

The certification status of local area WIOA recipients will be based on a compliance review of the administrative systems against the Workforce Board's written procedures and compliance with Uniform Administration Requirements, Cost Principles, and Federal Regulations and other requirements and applicable Federal and State standards.

The certification status of local area WIOA recipients may be subject to change at any time, based on the State's findings and investigations of administrative weaknesses or deficiencies, identified through special administrative systems reviews, or other methods above and beyond the Bi-annual Systems Certification and yearly Field Management and Oversight Reviews.

The Systems Certification process may result in four possible outcomes, which are as follows:

1. CERTIFIED

Connotes a system that is operating as described in local area written procedures and is in compliance with applicable state and federal regulations and standards.

2. CERTIFIED WITH CONDITIONS

Connotes a system that is inconsistent with local area written procedures and requires corrective action to address problem areas. Failure to implement corrective action within required timeframe will result in a certification status downgrade to Out of Compliance, and may require resolution through a formal Audit Resolution process.

3. OUT OF COMPLIANCE

Connotes a system that is not in compliance with applicable state and federal regulations and standards and requires corrective action to address questioned costs, audit and/or Field Management and Oversight Review findings, system integrity and/or program accountability issues. Failure to implement corrective action within the required timeframe and correct administrative weaknesses and/or systems deficiencies will result in a certification status downgrade to De-Certified, and may require resolution through a formal Audit Resolution process.

4. DE-CERTIFIED

Connotes a system that is non-operational and is inconsistent with local area written procedures and applicable state and federal regulations and standards, and requires immediate action to develop or revise a system. Failure to implement corrective action within the required timeframe and correct administrative weaknesses and/or systems deficiencies may result in further action, and may affect current and future levels of funding. The State may also require restructuring of the local area, or may designate a new administrative entity and/or may make any and all other changes necessary to insure the integrity of the funds and the provision of quality services to the participants. In all cases of De-Certification, resolution will require a formal Audit Resolution process.

HEARINGS

In all cases where systems are De-Certified and/or restructuring is required, the local area can request a hearing. Subsequent to receipt of DCS's notification to De-Certify, the lead local elected official or the Workforce Board Chair may submit a written request to the Director, Department of Career Services. This request should be submitted no later than two weeks after notification of De-Certification. The hearing will be convened by the Director or his/her designee. A decision will be rendered within two weeks after the hearing. In instances where

the local area plan has been disapproved and restructuring is imposed upon the local area, a further appeal may be made to the Secretary of the Executive Office of Labor and Workforce Development or his/her designee.

B. PROCEDURES FOR SYSTEMS CERTIFICATION REVIEW

1. SCOPE

Department of Career Services (DCS) will conduct the System Certification Review in accordance with the Workforce Innovation and Opportunity Act (WIOA) and as part of the annual Field Management and Oversight Review. All WIOA Title I (Dislocated Worker, Adult, Youth and Administration), and other Federal Grant Awards will be Reviewed. Certification of these systems focuses on ensuring that the actual operation of basic systems which is described in their written procedures and evaluated through on-site Review meets system certification standards.

2. NOTIFICATION

DCS will issue the statewide schedule for conducting Systems Certifications in advance of beginning the annual cycle. DCS will also notify the Workforce Boards and Local Fiscal/Administrative entities in advance of the visit.

3. LOCAL REQUIREMENTS

The Workforce Board must work with the Local Fiscal/Administrative Entities to ensure that the appropriate individuals are available to participate in the Systems Certification. To ensure the ability to conduct the Systems Certification Review, the Workforce Board and Fiscal/Administrative Entities must ensure that all applicable documentation will be made available on a timely basis. Systems Certification Review may require the on-site review of Customer Files at the One-Stop Centers, or the Customer Files being made available at an alternative designated location. The Workforce Board and Fiscal/Administrative entity will be responsible for providing this access.

4. ENTRANCE MEETING

An initial conference will be held prior to the first day of the Systems Certification Review. The Workforce Board and Local Fiscal/Administrative Entities operator should ensure that all appropriate staff is present at this meeting and also designate a lead person to coordinate all activities with the DCS Field Management and Oversight Staff. During the Entrance Meeting, the DCS Field Management and Oversight staff will establish the schedule for the Systems Certification Review.

5. EXIT MEETING

Subsequent to the conclusion of the on-site Review, an Exit Meeting will be held with the Workforce Board and Fiscal/Administrative Entities to provide an overview of the Systems Certification Review. The Exit Meeting will provide the Workforce Board and Fiscal/Administrative Entities with an overview of the items that will be contained in the Initial Systems Certification Review Report, which will be issued by DCS within sixty days after the completion of the Review. The report will discuss the status of each Administrative System.

When the Review results in an immediate Systems Certification, there will be no Initial Report, but rather DCS will issue a Final Systems Certification Review Report.

6. RESOLUTION

When an Initial Systems Certification Review Report is issued the Workforce Board and Fiscal/Administrative Entities will have thirty days in which to respond to the findings contained in the Initial Systems Certification Review Report. During this resolution period the Workforce Board and Fiscal/Administrative Entities will have the opportunity to upgrade the status of “Certified with Conditions” and “Out of Compliance” to “Certified.”

All Workforce Boards and Fiscal/Administrative Entities will be required to resolve the findings contained in the Initial Systems Certification Review Report. Failure to implement corrective action within the required timeframe and correct administrative weaknesses and/or systems deficiencies may result in further action, including De-Certification and may affect current and future levels of funding. In all cases of De-Certification, resolution will require a formal Audit Resolution process. In all cases where systems are De-Certified and/or restructuring is required, the local area can request a hearing, as described above.

Upon the resolution of the findings contained in the Initial Systems Certification Review Report, DCS will issue a Final Systems Certification Review Report.

C. PRINCIPLES OF A CERTIFIABLE SYSTEM

All certifiable systems should adhere to the following principles:

- Be developed in collaboration with key individuals who understand the best practices for meeting the requirements of the system.
- Be based on a clear understanding of and in compliance with all of the laws, regulations, policies and circulars that govern and guide the system.
- Catalogue all essential duties and functions needed for an efficient and effective system.
- Describe how and when the duties and functions will be performed.
- Have clear lines of authority and responsibility for all of the essential duties and functions of the system.
- Define backup mechanisms for essential functions, for use when those responsible are not available.
- Define mechanisms to capture documentation needed to meet contractual and funding source reporting requirements and deadlines.
- Define methods to train and/or inform staff of the responsibilities and requirements of the system.
- Define internal and external methods to periodically evaluate and modify elements of the system for the improved efficiency and effectiveness.

All certifiable Fiscal Systems should also adhere to the following principles:

- Have a common database, common data element definitions, and standardized processing procedures, consistent internal controls and necessary security provisions.
- Be based on internal controls, segregation of duties and other mechanisms to safeguard local and funding source assets.

- Be based on clear and sound cost allocation plans and methodologies that are supported by data collection.
- Have self-balancing sets of accounts and methods which accurately document and record all of the operation's financial transactions/events.
- Be organized in such a fashion as to present a clear, comprehensive and accurate disclosure of the operation's financial position, permit the development of timely and accurate financial statements and support the agency's financial management needs.