Workforce Investment Act

WIA Communication No. 02-19 ☑ Policy ☐ Information

To: Chief Elected Officials
Workforce Investment Board Chairs
Workforce Investment Board Directors
Title I Administrators
Career Center Directors
Title I Fiscal Officers
DET Regional Directors
DET Area Directors

cc: WIA State Partners

From: Jonathan Raymond, President
Commonwealth Corporation

Date: April 5, 2002

Subject: Systems Certification

Purpose: To provide the Commonwealth's policy for Systems Certification for each subrecipient for all federal programs administered by Commonwealth Corporation (CommCorp), including, but not limited to, Workforce Investment Act (WIA) and Welfare-to-Work (WtW) programs.

Background: The U.S. Department of Labor, Employment and Training Administration, issued the Final Rules for the Workforce Investment Act in the Federal Register on Friday, August 11, 2000 [20 CFR Part 652, et al.].

Section 667.410 of 20 CFR requires that the Governor must certify to the Secretary every two years that (i) The State has implemented uniform administrative requirements; (ii) The State has monitored local areas to ensure compliance with uniform administrative requirements and (iii) The State has taken appropriate corrective action to secure such compliance. Similarly, the Welfare-to-Work (WtW) Grants; Final Rule requires adherence to the uniform administrative requirements (WtW, Sec. 645.230).

States are authorized by WIA to withhold approval of Plans, de-certify local Workforce Investment Boards, and/or withhold fund availability from any entity, which fails to demonstrate the capacity to effectively administer WIA funds and programs (WIA Sec. 184). A variety of remedies also apply to the administration of WtW funds and programs (WtW, Final Rule, Sec. 645.250).

To measure administrative effectiveness and to ensure compliance with the objectives of the Act and regulations, CommCorp as the designated Administrative Entity for WIA, will be conducting an extensive 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, CommCorp, as the designated Administrative Entity for WIA, will take prompt corrective action and will impose sanctions provided in WIA sections 184(b) and (c).

Policy: The Commonwealth's Systems Certification Policy is specified herein. Any provisions contained in the Workforce Investment Act 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 and requirements in accordance with the applicable uniform administrative requirements.

Action Required: All Local Area Workforce Investment 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 monitoring of sub-recipients in compliance with this policy, and to determine compliance with DOL uniform administrative requirements, as required by WIA and WtW.

Effective: This Policy is in effect for all Workforce Investment Act funds and Welfare to Work funds provided by CommCorp.

References: WIA Act, Sections 183 and 184
WIA Final Rules 20 CFR part 652, Subpart D, 667.400--667.410
29 CFR Part 95 "Institutes of Higher Education and other Non-Profits"
29 CFR Part 97 "States and Local Governments"
Wagner-Peyser Act
WtW Final Rules 20 CFR Part 653
29 CFR Part 93, Lobbying Certification
29 CFR Part 37 Non Discrimination and Equal Opportunity Requirements
29 CFR Part 96 Single Audit Act
Chapter 30B, MA General Laws, Uniform Procurement Act
OMB Circular A-87 "Cost Principles for State, Local and Indian Tribal
    Governments
OMB Circular A-21 Cost Principles for Educational Institutions

OMB Circular A 102 Administrative Requirements for State and Local Governments

OMB Circular A-110: Uniform Administrative Requirements for Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations

OMB Circular A-123 Management Accountability and Controls

OMB Circular A-127: Policies and standards for Executive departments and Agencies

US Public Law 101-336: Americans With Disabilities Act of 1990

US Department of Labor, Training and Employment Guidance Letters

Commonwealth Corporation Information and Policy Issuance's

Inquiries: Questions related to this policy should be directed to Howard Frim at (617) 727-8158 ext. 1329.

Filing: Please file this in your notebook of previously issued WIA Communication Series Issuances as #02-19.

SYSTEMS CERTIFICATION MONITORING POLICY

A. BI-ANNUAL SYSTEMS CERTIFICATION

Commonwealth Corporation (CommCorp) as the designated Administration Entity for WIA, will conduct its' first Systems Certification in Year Two of WIA, Fiscal Year 2002. The Commonwealth requires all local area Workforce Investment 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 Monitoring meets system certification standards. A local area's plan approval status may be affected by the local area's system certification status.

All Local Area Workforce Investment 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 WIA and WtW.

CommCorp will determine the certification status of local area Workforce Investment recipients and operating entities. Implementation and maintenance of fully certified administrative systems is a pre-requisite for the receipt of WIA and WtW funds. Each of the following required administrative systems will be Monitored for certification:

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

PROGRAM SYSTEMS
1. Eligibility System
   a. Workforce Investment Act (WIA)
   - Adult
   - Youth
   - Dislocated Workers
   b. Trade
   c. Welfare to Work (WtW)
   d. National Emergency Grants (NEGs)
   e. Other Federal Grant Awards as applicable
2. Management Information System & MOSES
3. Individual Training Account System
4. Equal Opportunity/Non Discrimination/ADA/Grievance Systems
5. Workforce Investment Act Requirements
   a. Career Center Partners and Memorandums of Understanding (MOU)
   b. Required Youth Elements
   c. Customer Satisfaction
6. Monitoring Systems

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

The certification status of local area Workforce Investment 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 Monitoring.

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 and Monitoring 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 Monitoring 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 and Monitoring 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 effect 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 and Monitoring 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 CommCorp's notification to De-Certify, the lead local elected official or the WIB Chair may submit a written request to the President, Commonwealth Corporation. This request should be submitted no later than two weeks after notification of De-Certification. The hearing will be convened by the President or his 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 Director of the Department of Labor and Workforce Development (DLWD).

B. PROCEDURES FOR SYSTEMS CERTIFICATION MONITORING

1. SCOPE

Commonwealth Corporation (CommCorp) will conduct the System Certification Monitoring in accordance with the Workforce Investment Act (WIA), Welfare to Work (WtW) and CommCorp's Issuance's and Policies. All WIA Title I (Dislocated Worker, Adult, Youth and Administration), WtW and other Federal Grant Awards will be Monitored. 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 Monitoring meets system certification standards

2. NOTIFICATION

CommCorp will issue the Statewide schedule for conducting Systems Certifications in advance of beginning the annual cycle. CommCorp will also notify the Local Workforce Investment Boards and Local Fiscal/Administrative entities in advance of the visit. This notification will include Fiscal and Program Systems Certification Questionnaires that must be completed in advance of the on-site visit, as according to details described on the notification letter.

3. LOCAL REQUIREMENTS

The Local Workforce Investment Board must work with the Local Fiscal/Administrative Entities to ensure that the appropriate individuals have completed the Questionnaires and that the appropriate individuals are available to participate in the Systems Certification. To ensure the ability to conduct the Systems Certification Monitoring, the Local WIB and Fiscal/Administrative Entities must ensure that all applicable documentation will be made available on a timely basis. Systems Certification Monitoring 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 Local WIB and Fiscal/Administrative entity will be responsible for providing this access.

4. ENTRANCE MEETING

An initial conference will be held on the first day of the Systems Certification Monitoring. The WIB 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 CommCorp Monitors. During the Entrance Meeting, the CommCorp Monitors will establish the schedule for the remainder of the visit.

5. EXIT MEETING

At the conclusion of the on-site Monitoring, an Exit Meeting will be held with the Local WIB and Fiscal/Administrative Entities to provide an overview of the Systems Certification Monitoring. In cases where this is not feasible, an Exit Meeting will be scheduled subsequent to the completion of the Systems Certification Monitoring. The Exit Meeting will provide the Local WIB and Fiscal/Administrative Entities with an overview of the items that will be contained in the Initial Systems Certification Monitoring Report, which will be issued by CommCorp within sixty days after the completion of the Monitoring. The report will discuss the status of each Administrative System.

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

6. RESOLUTION

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

All Local WIB and Fiscal/Administrative Entities will be required to resolve the findings contained in the Initial Systems Certification Monitoring 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 effect current and future levels of funding. In all cases of De-Certification, resolution will require a formal Audit and Monitoring 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 Monitoring Report, CommCorp will issue a Final Systems Certification Monitoring 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.