
DWD Policy 2024-07, Change 1: State and Local Subrecipient Monitoring Requirements

To: Indiana's Workforce System
From: Indiana Department of Workforce Development (DWD)
Date: August 21, 2025

PURPOSE

This policy provides an overview of the Indiana Department of Workforce Development's (DWD) approach to programmatic, fiscal/administrative, and equal opportunity (EO) monitoring of Indiana's Local Workforce Development Boards' (WDBs) grant activities in their respective Local Workforce Development Areas (LWDAs or local areas). This guidance also outlines WDBs' local-level oversight and monitoring responsibilities.

Note: Although this guidance focuses primarily on subrecipient monitoring of Title I of the Workforce Innovation and Opportunity Act (WIOA), much of the content is applicable to any DWD-awarded grants and subrecipients that are monitored by DWD.

CHANGE 1 SUMMARY

This policy has been updated to include instructions on the reporting requirements of instances of suspected fraud, program abuse, and criminal conduct for entities receiving Federal awards.

RESCISSION

DWD Policy 2024-07 *State and Local Monitoring Requirements for Local Workforce Development Boards*

REFERENCES

- WIOA 116, 134, 183, 184, and 188
- Assistive Technology Act of 1998
- 20 CFR 683.400 – 410, 683.650, and 683.710
- 29 CFR 38
- Uniform Guidance 2 CFR part 200 and 2 CFR part 2900
- United States Department of Labor Employment and Training Administration, *Core Monitoring Guide*, August 2018
- TEGL 15-16 *Competitive Selection of One-Stop Operators*
- TEGL 15-23, *Employment and Training Administration Recipient Responsibilities for Reporting Instances of Suspected Fraud, Program Abuse, and Criminal Conduct*
- DWD Workforce Division's Oversight and Monitoring Strategic Plan (OMSP)
- Indiana Department of Workforce Development, *Summary of Monitoring Activities*

CONTENT

Background

DWD, on behalf of the Governor, oversees implementation of WIOA Titles I, II, and III and is responsible for oversight and monitoring of these as well as other federal and state grant programs and activities, some of which are sub-awarded to WDBs.

WIOA Title I requires recipients to develop a state monitoring system,¹ which includes monitoring WDBs annually for compliance with applicable laws and regulations such as uniform administrative provisions under 2 CFR 200 and 2 CFR 2900. Utilizing a comprehensive monitoring strategy in alignment with the roles and responsibilities outlined in 20 CFR 683.410, DWD conducts programmatic, fiscal/administrative, and EO monitoring to assess LWDA's implementation of WIOA Title I programs (Adult, Dislocated Worker, and Youth) and WIOA discretionary grants. DWD has implemented a concurrent review process which includes additional workforce programs in the same annual monitoring review of WDB activities. In alignment with the DWD Workforce Division's Oversight and Monitoring Strategic Plan (OMSP), this concurrent review process supports continual quality improvement across workforce programs.

Value of Monitoring

Monitoring assists in identifying opportunities for subrecipient technical assistance or corrective action. It also aids in assessing the quality and effectiveness of service delivery through the evaluation of service delivery design and outcomes.² Specifically, monitoring reviews:

- Analyze subrecipient performance to measure progress toward grant deliverables and performance goals;
- Identify areas of compliance (or lack thereof) with applicable laws, regulations, and guidance;
- Lead to opportunities for technical assistance to help resolve non-compliance issues; and
- Ensure that state and federal funds are used appropriately.

WIOA State Monitoring System Requirements

As it relates to WIOA Title I, the state monitoring system must:³

- Ensure that established policies to achieve program performance and outcomes meet the objectives of WIOA and the WIOA regulations;
- Enable the Governor to determine if subrecipients and contractors have demonstrated substantial compliance;
- Enable the Governor to determine whether a local plan will be disapproved for failure to make acceptable progress in addressing deficiencies; and

¹ WIOA 184(a)(4).

² https://www.dol.gov/sites/dolgov/files/ETA/grants/PDFs/July%202025_CMG_508c-FINAL.pdf.

³ 20 CFR 683.410(b)(2).

- Enable the Governor to ensure compliance with the nondiscrimination, disability, and equal opportunity requirements of sec. 188 of WIOA, including the Assistive Technology Act of 1998.

Per 20 CFR 683.410(b)(3), DWD conducts an annual onsite monitoring review of each local area.⁴ DWD's annual reviews assess compliance with programmatic, fiscal/administrative, and EO requirements of the WIOA Adult, Dislocated Worker, and Youth programs as well as non-formula grants and other workforce programs. DWD's Compliance Team collaborates with program, performance, finance, and grant management subject matter experts to discuss performance concerns and improvement plans as needed. Topics covered under each portion of the review may include, but are not limited to, the following:

Program/Service Delivery

- Local board program-related policies and procedures
- Access to services
- Priority of service
- Eligibility
- Career services (basic, individualized, follow-up)
- Training services
- Supportive services
- Participant records in Indiana Career Connect (ICC)
- LWDA's websites and use of social media

Fiscal/Administrative

- Local governance
 - Chief Elected Official Agreements
 - Local organizational structure/Multiple Roles Agreements
 - Local plan
 - Board composition, bylaws, minutes, and certification
 - WorkOne office certification
 - Memoranda of Understanding and Infrastructure Funding Agreements
- Local board administrative and fiscal-related policies and procedures
- Subrecipient (service provider/One-Stop Operator) monitoring and contractor oversight/single audits
- Internal and budget controls
- Cash draws/cash management and reconciliation
- General ledgers and disbursements
- Procurements/requests for proposals since last monitoring
- Cost allocation plan
- Prior monitoring and audit findings

EO

- WIOA Section 188 and 29 CFR 38 EO requirements
 - Complaint policies, procedures, and complaint logs
 - Local EO Officer oversight and monitoring procedures

⁴ Virtual meetings may be utilized for some components of reviews, as needed.

- Physical and programmatic accessibility
- EO data analysis

Review Cycle: Timeline and Phases

Reviews typically take place between August and June during each program year (July 1 – June 30). Between review cycles, the Compliance Team develops an initial monitoring schedule for the program year by assigning each local area a review week.⁵ The draft schedule is then shared with the local areas to review and request scheduling changes as needed. The review process can be broken into three distinct phases. Each phase and its affiliated activities are described below.

Pre-Review/Desk Review Phase

Reviews begin when the Compliance Team sends an announcement to the Region that identifies the programs to be reviewed. This announcement also includes a request for a regional point of contact as well as a list of documents needed prior to the review.⁶ The Compliance Team collaborates with each local area's point of contact to develop a schedule of interviews for each program being reviewed.

As documents are submitted, the Compliance Team initiates a desk review to assess the requested documentation using its monitoring tools. The Compliance Team reviews the local area's policies and procedures, a random sampling of the local area's case management records, as well as sample expenditures.

This phase also includes the Risk Assessment, which identifies areas where the Region may have difficulty meeting, or is at risk of not meeting, statutory, regulatory, or other requirements. The scope and depth of the review will be determined based on the risk assessment results. The risk assessment process typically analyzes:

- Reorganization since last program year.
- Prior monitoring and audit results and actions.
- Grant administration.
- SME feedback.
- Grant performance.
- Issues identified since the last monitoring cycle.

Review Phase

During this phase, the week-long concurrent review takes place. The review begins with an entrance conference that allows state monitors and regional leadership to establish expectations for the week ahead. Throughout the week, all interviews and site visits take place in person in the LWDA's office, in person at local WorkOne AJCs, or virtually. Review activities may include, but are not limited to, any of the following:

- Interviews with board, service provider, one-stop operator, and/or fiscal agent staff.

⁵ Each schedule can be found on the [Compliance Team's webpage](#).

⁶ Please see the Pre-Monitoring Document Request monitoring tool on [Compliance Team's webpage](#) for more information.

- Interview with Local EO Officer.
- Visits to WorkOne offices and interviews with WorkOne staff and participants.
- Validating implementation of local policies and procedures.

This phase ends with an exit conference during which state monitors and regional leadership reflect on the review and discuss the next steps.

Post-Review Phase

Following the review's exit conference, the Compliance Team and program monitors continue to assess all the information gathered in the desk and onsite (or virtual) portions of the review. A post-risk assessment is conducted to confirm or mitigate the information assessed in the pre-risk assessment.

Ad hoc Monitoring

Outside of the review cycle outlined above, upon its discretion, DWD may determine that ad hoc monitoring activities may be beneficial to ensure compliance or promote effective implementation of a policy, WIOA Title I program, or any administrative component thereof. The exact nature and procedures of ad hoc monitoring will be situation dependent and will fall within the general framework of this policy.

Reports

Upon completion of monitoring activities, DWD issues a report or communication summarizing the review scope and outcomes. Review reports typically categorize outcomes as follows, with reports remaining open until issues labeled "Findings" have been resolved:

- **Findings.** Issues or practices identified as non-compliant with federal, state, or local regulations, policies, or procedures are classified as findings. Monitoring reports cite applicable federal/state/local authorities, describe why an identified issue is non-compliant, and prescribe corrective measures and documentation necessary for resolution of each finding. When all identified issues have successfully been resolved, the Compliance Team will issue a letter indicating that the program year's monitoring is closed.
- **Areas of Concern.** Items that may or may not be compliance-based but that may impede effectiveness and efficiency of service delivery to individuals are classified as areas of concern. The Compliance Team may offer suggestions or assistance to the Local Area in making qualitative improvements or may make a referral to appropriate DWD staff for further technical assistance. Areas of concern do not require a response.
- **Noteworthy Efforts.** New, unique, significant, or innovative initiatives and/or notable or exemplary practices are classified as Noteworthy Efforts.

Local-level Monitoring

Oversight and monitoring activities must be conducted routinely, at least annually, with results documented and communicated to appropriate leadership. This documentation must also be provided to DWD at the time of the local area's annual monitoring. WDBs must establish standards for routine subrecipient monitoring that include:

- Managing, conducting, and reporting the regular oversight of subrecipients and contractors providing WIOA Title I programs;
- Determining that expenditures have been made against the proper cost categories as well as within cost limitations. Chief local elected officials are ultimately liable should there be misuse of funds;⁷ and
- Determining whether the local area and any contractors/service providers are in compliance with programmatic, EO, and fiscal contract/award provisions, WIOA regulations, and other applicable laws and regulations such as 2 CFR Part 200.

NOTE: Per TEGL 15-16, entities selected and serving as one-stop operators are subrecipients of a federal award and are subject to subrecipient monitoring by the WDB.

In addition to WIOA monitoring requirements, it is important to note that all grants and contracts require local areas to conduct oversight to ensure that they are implemented in accordance with applicable statutes, regulations, and/or agreements.

Specific Conditions, Sanctions, and Appeals

Specific Conditions

Following risk review, grant compliance analysis for current and recent monitoring cycles and audit reports, as well as other factors specific to a local area, DWD, as the pass-through entity,⁸ may impose specific federal award conditions pursuant to the Uniform Guidance provisions at 2 CFR 200.208 to address fiscal or administrative deficiencies related to federal awards. Such conditions may include:⁹

- Requiring payments as reimbursements rather than advance payments;
- Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given performance period;
- Requiring additional or more detailed financial reports;
- Requiring additional project monitoring;
- Requiring the non-federal entity to obtain technical or management assistance; and/or
- Establishing additional prior approvals.

DWD will communicate with the local area regarding details of any imposition of specific condition(s) and any removal of such specific condition(s) once the circumstances prompting the conditions have been satisfied. Specific conditions may also be applied to state awards aligning with this process.

⁷ 20 CFR 683.710.

⁸ Pass-through entities are non-Federal entities that provide a subaward to a subrecipient (e.g., WDBs) to carry out part of a Federal program. See 2 CFR 200.1 "Pass-through entity (PTE)."

⁹ 2 CFR 200.208.

WIOA Title I Sanctions

In the event of a subrecipient's failure to take corrective action to address a substantial violation, DWD may recommend to the Governor that one or more of the following sanctions be imposed:¹⁰

- A notice of intent to revoke approval of all or part of the local plan affected; or
- Impose a reorganization plan, which may include:
 - Decertifying the applicable local board;
 - Prohibiting the use of eligible providers;
 - Selecting an alternative entity to administer the program for the applicable local area;
 - Merging the local area into one or more other local areas; and/or
 - Making such other changes as the Governor or the Secretary of Labor determines to be necessary to secure compliance.

Local areas that have been found in substantial violation of WIOA Title I and have received a sanction consisting of a reorganization or the revocation of all or part of the local plan may appeal such sanctions to the Secretary of Labor, with a copy of the appeal simultaneously sent to the Governor, in care of DWD.¹¹ The appeal must be filed no later than 30 days after receipt of written notification of the revoked plan or imposed reorganization.

Incident Reporting¹²

The Inspector General Act of 1978,¹³ as amended, authorizes the Office of Inspector General (OIG) to conduct audits and investigations related to the programs and operations of the Department of Labor (DOL), including audits and investigations related to alleged fraud, waste, abuse, misconduct, or other wrongdoing concerning such programs and operations.

Federal assistance recipients, subrecipients, or contracts under Federal awards from the Employment and Training Administration (ETA) are required to immediately document and report instances of suspected or known fraud, program abuse and criminal misconduct to the OIG and the ETA.

ACTION

WDB staff must familiarize themselves with this policy and DWD's monitoring process to ensure effective reviews. Each WDB must develop and implement a Local Monitoring Policy that addresses oversight and monitoring of their subrecipients and contractors. Copies of the policy as well as monitoring results and resolutions shall be submitted to the Compliance Team upon request.

¹⁰ 20 CFR 683.410(b)(5) and WIOA secs. 184(b)-(c).

¹¹ 20 CFR 683.650(a).

¹² TEGL 15-23.

¹³ <https://uscode.house.gov/view.xhtml?req=granuleid%3AUSC-1999-title5a-node20&edition=1999>.

EFFECTIVE DATE

Immediately.

ENDING DATE

Upon rescission.

ADDITIONAL INFORMATION

Questions regarding the content of this publication should be directed to policy@dwd.in.gov.