

Local Workforce Development Board (LWDB) 2021-22 Financial Monitoring Tool

**Bureau of Financial Monitoring and Accountability
Florida Department of Economic Opportunity**

September 20, 2021

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OVERVIEW

Purpose:

The Financial Monitoring Tool (tool) was developed to provide the framework for monitoring activities to be performed for Local Workforce Development Board (LWDB) subrecipients of the Department of Economic Opportunity (DEO). As set forth in the following authoritative publications, DEO is required to perform monitoring of its subrecipients:

- Workforce Innovation and Opportunity Act (WIOA), Section 184,
- 31 USC 7502(f)(2)(B), Single Audit Act Amendments of 1996, (Pub. L.104-156),
- 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,
- 20 CFR 667, Administrative Provisions Under Title I of the Workforce Investment Act,
- (Florida's) Chief Financial Officer Memorandum No. 05.

The tool reflects the financial monitoring universe for the LWDBs. Based on the risk assessment, DEO will determine the sections and depth to be performed for each LWDB.

Document Contents: This document contains the following sections of information:

- **Section 1 – Objectives** – Objectives are the major areas for review.
- **Section 2 – Testing Procedures** – Lists the procedures that will be executed as part of monitoring activities.
- **Section 3 – Basis or Source** – Lists the documents and resources which are to be used by the monitoring teams to evaluate compliance.

SECTION 1 – OBJECTIVES

The following are the major areas for review (Objectives) and the projected outcome of the review (Purpose). Testing procedures described later in this document are focused on meeting the overall purpose of an objective.

Objective Name	Purpose
1.0 Prior Year Corrective Action Follow-up	To determine if the corrective actions were implemented as described in the prior year monitoring report and/or the approved preventive/corrective action plan.
2.0 Financial Management Systems	To gain an understanding of the financial management systems processes and assess whether the existing policies and procedures provide for accurate, current and complete disclosure of the financial results of each grant program.
3.0 Internal Control Environment and Oversight	To gain an understanding of the internal control processes in order to assess whether controls reasonably assure compliance with federal laws, regulations, program compliance requirements, and board oversight.
4.0 Cash Management and Revenue Recognition	To determine if appropriate and sufficient cash management and revenue recognition procedures are in place and being followed, in accordance with federal and state requirements, and organizational policies.
5.0 SERA Reporting and Reconciliation	To determine if the required reconciliations between the financial records and SERA have been appropriately performed on a timely basis and adequately documented.
6.0 Prepaid Program Items	To determine if all prepaid program items are adequately safeguarded, managed, documented and reported.
7.0 General Ledger and Cost Allocation Statistics	To review the general ledgers for items to be included in sample selections or additional follow-up; to review the cost allocation statistics to ensure costs are allocated in accordance with the cost allocation plan.
8.0 Payroll and Personnel Activity Report (PAR) Testing	To determine if payroll records are properly maintained for all employees; determine if PARs comply with applicable cost principles; verify salary, bonuses, performance bonuses, raises and benefit costs are approved and reasonable, necessary and allocable.
9.0 Salary & Bonus Cap	To determine if the salary and bonuses paid to employees and charged to grant programs are subject to the Salary and Bonus Cap for the calendar year, and ensure it does not exceed the cap.
10.0 Purchasing/Procurements	To determine if purchasing/procurement transactions comply with the appropriate federal or state procurement laws, and local policies.
11.0 Contracting / Contract Monitoring	To determine if the contracting process and contract monitoring comply with federal/state requirements, and local policies.

Objective Name	Purpose
12.0 Subawarding / Subrecipient Monitoring (Services for carrying out a portion of the Federal award)	To determine if subawarding and subrecipient monitoring activities comply with federal requirements, and the local policies and procedures.
13.0 Property Management	To determine if property management activities comply with federal requirements, and the local policies and procedures.
14.0 Disbursement Testing	To determine if non-payroll related disbursements are reasonable, necessary, allocable and properly recorded in the financial records; comply with applicable laws, rules and policy; and disbursements for participant services contain the appropriate documentation for eligibility and need.

SECTION 2 – TESTING PROCEDURES

The following tasks are to be performed annually via desk reviews or site-visits.

Procedure Number	Objective/Testing Procedure
1.0	Prior Year Corrective Action Follow-up
1.1	Review prior year monitoring report. Provide a summary list of all items from the prior year. Determine if any follow up is needed/corrective action was taken.
1.2	Document recurrence of prior year items.
2.0	Financial Management Systems
2.1	Conduct interviews with key staff from each of the following groups to determine whether the existing financial management policies and procedures provide for accurate, current and complete disclosure of the financial results of each grant program. Key staff include:
2.2	Finance Management Personnel – Chief Financial Officer, Finance Director, etc.
2.3	Operations Personnel – Operations/Program Manager, Vice President, Assistant Executive Director, Director of Information Technology Services, etc.
2.4	Human Resources Personnel – Human Resources Director, etc.
2.5	Purchasing Manager or other staff assigned these duties.
2.6	Obtain and review policies and procedures and other documentation to determine if financial management system addresses the following standards:
2.7	Accurate, current and complete disclosure of the financial results of each federal award or program is maintained.
2.8	Records adequately identify the source and application of funds for federally funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be supported by source documentation.
2.9	Effective control over and accountability for all funds, property and other assets are maintained.
2.10	Comparison of expenditures with budget amounts for each federal award are performed.
2.11	Written procedures to minimize the time elapsing between the cash draw down of funds from DEO and the payment of expenditures are in place.
2.12	Written procedures for determining the allowability of costs in accordance with applicable cost principles and terms and conditions of each grant program are in place.
2.13	Determine if processes and procedures are in place regarding compliance with two provisions of the Sarbanes-Oxley Act (SOX) that apply to all corporate entities, including non-profit organizations. The two provisions applicable to non-profit organizations are:
2.14	It is illegal for any corporate entity to punish whistleblowers or retaliate against any employee who reports suspected cases of fraud or abuse (SOX, Section 1107, Section 1513 of Title 18, USC.)

Procedure Number	Objective/Testing Procedure
2.15	It is a crime to alter, cover up, falsify, or destroy any document that may be relevant to an official investigation (SOX, Section 1102, Section 1512 of Title 18, USC).
2.16	Based on the review of procedures and results of testing, evaluate the following:
2.17	Policies reflect current processes.
2.18	Management has a formal process for updating policies and communicating updates to staff.
2.19	Verify the LWDB maintains liability insurance.
2.20	Document any deficiencies for potential further testing.
3.0	Internal Control Environment
3.1	Verify the LWDB's SAM.gov registration and Data Universal Numbering System number.
3.2	Review responses to the 2021-22 Internal Control Questionnaire and Assessment (ICQ) to determine if the assessment indicates that further testing is needed. Review the comments/explanations to determine whether there are compensating controls to properly address identified risks.
3.3	Review the most recent audit report and Data Collection Form for any internal control material weaknesses or significant deficiencies, or questioned costs. For any issues identified, review the LWDB response(s) and follow-up by the auditors or DEO to determine whether the actions taken adequately addressed the issues.
3.4	Based on the ICQ responses, review of the audit, and review of the policies, procedures and processes, evaluate whether management has established and maintains internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements.
3.5	Review Local Plan to determine if separate entities are designated, or procured, to perform the functions of the fiscal agent, staff to the board, and direct service provider, and if the board performs more than one of these functions, determine if the controls documented in the local plan have been implemented.
3.6	<p>Determine if the following are posted on the website to evaluate compliance with WIOA transparency and Sunshine provisions:</p> <ul style="list-style-type: none"> ○ Board meeting notices, ○ Board meeting and Committee meeting minutes, ○ employee positions and salary information, ○ a plain language version of any contract estimated to exceed \$35,000, ○ Board members, their employers, or organization, and terms of service, ○ interlocal agreements, ○ single audits for last two years, ○ active agreements with another Board, and ○ Tax Return, Form 990, for two most recent years.
3.7	<p>Determine if the following are posted on the website to evaluate compliance with section 445.007, F.S.:</p> <ul style="list-style-type: none"> ● Notice of the filings of Statement of Financial Interests with the Commission on Ethics, ● All Related -Party Contracts,

Procedure Number	Objective/Testing Procedure
	<ul style="list-style-type: none"> • Annual Budget, • The Total Compensation for the Executive Leadership and a written declaration from the CFO/Finance Director.
3.8	Document any deficiencies for potential further testing.
4.0	Cash Management and Revenue Recognition
4.1	Determine the following with regard to receipts from federal sources:
4.2	Funds are deposited in an interest-bearing account.
4.3	Management properly accounts for interest earned and bank fees.
4.4	Determine that monthly bank reconciliations are performed for all bank accounts containing Federal/State funds. The following steps include:
4.5	Timely reconciliation of bank balances to general ledger balances.
4.6	Follows-up on errors or discrepancies to ensure resolution.
4.7	Appropriate level of management review and approval of the reconciliations in a timely manner with adequate supporting documentation.
4.8	Appropriate analysis of interbank transfers, pending reconciling items or other activities is performed timely and adequately documented.
4.9	For the monthly bank reconciliation sample(s) selected, review cancelled checks for large and/or unusual items and follow up on items as necessary. The following steps include:
4.10	Disbursement checks are signed in accordance with policies.
4.11	Checks timely clear the bank.
4.12	Appropriate handling of stale or outstanding items in accordance with policies.
4.13	Checks are used in sequence.
4.14	Voided checks are properly accounted for.
4.15	Determine the following with regard to requests for cash (draws):
4.16	Cash needs are determined through documented policies and procedures.
4.17	Cash requested approximate a reasonable amount for cash that limits the cash-on-hand to amounts necessary for pending disbursements and not exceeding two weeks cash need for each advance requested.
4.18	Compare and analyze cash draws for two weeks to the expenditures for the corresponding month to determine if the existing advances are liquidated before additional cash advances are requested. Review the cash balances in the bank account and the accounting system.
4.19	The estimate of cash need considers any refunds, interest, program income, or other offsetting amounts.
4.20	The time between receipt of cash, disbursements, and checks clearing the bank should be reasonable and consistent with written policy.
4.21	Determine if revenues from other sources (non-DEO funds) are properly classified and recorded. The following steps include:
4.22	Procedures are in place to appropriately account for revenues from other sources.

Procedure Number	Objective/Testing Procedure
4.23	Revenues from other sources are accounted for as other income and recorded into the appropriate general ledger accounts.
4.24	Document findings, issues of non-compliance, observations, and technical assistance items.
5.0	SERA Reporting and Reconciliation
5.1	Obtain and review the SERA policies and, if necessary, discuss processes with a member of the finance team.
5.2	For the month(s) selected for testing, query the Financial Summary Report (FSR) from SERA.
5.3	Compare amounts reported in SERA to the LWDB's GL expenditures reported by grant. Verify documentation is available from the organization's financial records to support the expenses reported for each grant for the test period.
5.4	Verify costs reported in SERA were reconciled to the organization's financial records for each grant for the test period.
5.5	If there were discrepancies or variances, was there timely follow-up and resolution?
5.6	Determine if policies and procedures were followed.
5.7	Document findings, issues of non-compliance, observations, and technical assistance items.
6.0	Prepaid Program Items
6.1	Obtain and review the policies and procedures pertaining to prepaid program items to determine if the guidelines of CareerSource Florida Supportive Services Needs-Related Payments, Policy Number 109 were implemented. If necessary, discuss the process with the finance or program staff.
6.2	Review the custodial and distribution practices of prepaid program items and determine if the inventory on-hand is adequately safeguarded.
6.3	Determine if a physical inventory is performed, reconciled, and timely reviewed by management.
6.4	Review the processes to determine if there is adequate segregation of duties over custody and record keeping for prepaid program items. Where applicable, conduct a walk-through of a Career Center, to review the custodial/distribution process.
6.5	Select a sample of gas/incentive cards issued within the test period; obtain positive confirmation the items were issued to participant receiving services. Review supporting documentation for the distribution of cards; review to ensure the minimum required documentation was maintained to ensure funds are allowable and used for intended purpose in accordance with CareerSource Florida Supportive Services Needs-Related Payments, Policy Number 109.
6.6	Analyze activity from the beginning of the monitoring period through the last month available for testing by obtaining the monthly usage of prepaid program items, (gas and incentive cards, and bus passes).
6.7	Document the ending balance on-hand for the test period for each prepaid item.
6.8	Compare the average monthly usage calculated for each program item to the balance of prepaid items on-hand at the end of each month.

Procedure Number	Objective/Testing Procedure
6.9	Determine whether the balances are reasonable; two-three months inventory is adequate. If not, determine if there is a reasonable business rationale for the balance.
6.10	Document findings, issues of non-compliance, observations, and technical assistance items.
7.0	General Ledger Review and Cost Allocation Statistics Review
7.1	Review the general ledgers for items to be included in desk reviews, on-site reviews, or additional follow-up.
7.2	Identify disbursements to training providers and perform analytical procedures of distribution of training dollars. If necessary, inquire with management.
7.3	For the test month, review cost allocation statistics to determine if the statistics are:
7.4	Calculated in accordance with cost principles and program requirements, considering any restrictions.
7.5	Calculated in accordance with the current cost allocation plan.
7.6	Applied in accordance with the current cost allocation plan.
7.7	Supported by adequate and appropriate source documentation (total cost, direct cost, FTE's, PARs, square footage, etc.).
7.8	If applicable, determine if funding decisions within the statistics are allowable (certain grants are more restrictive).
7.9	If applicable, for each MOUs and IFAs selected for testing, review partner MOU/IFA and determine if the infrastructure elements are present; see 20 CFR 678.755
7.10	The period of time in which this infrastructure funding agreement is effective.
7.11	Review the infrastructure budget and cost allocation methodology and determine if the infrastructure budget is periodically reconciled against actual costs incurred.
7.12	Identification of all career center partners, chief local elected officials, and LWDB participating in the infrastructure funding arrangement.
7.13	Steps the LWDB, chief local elected officials, and career center partners used to reach consensus or an assurance that the local area followed the guidance for the State funding process.
7.14	Description of the process to be used among partners to resolve issues during the MOU duration period when consensus cannot be reached.
7.15	Description of the periodic modification and review process to ensure equitable benefit among one-stop partners.
7.16	Incorporation of infrastructure funding provisions in each Memorandum of Understanding.
7.17	Remedies for nonperformance.
7.18	Document findings, issues of non-compliance, observations, and technical assistance items.
8.0	Payroll and Personnel Activity Report (PAR) Testing
8.1	Review personnel policies and procedures including policies concerning bonuses/performance bonuses, salary increases, merit increase, pay incentives.
8.2	For one payroll period of all salary and benefits costs, determine if:
8.3	The labor distribution and/or other payroll records materially reconcile to the general ledger.
8.4	The payroll is approved by responsible official(s) of the organization.
8.5	Describe how the payroll costs are recorded in the general ledger.

Procedure Number	Objective/Testing Procedure
8.6	<i>(Note: Sample sizes are based on the total number of employees of the organization)</i> For each sampled employee (for one payroll period):
8.7	Obtain and review a copy of the employee's position description and duties; verify it agrees to the employee's activities recorded on the PAR/timesheet.
8.8	Interview staff to gain an understanding of their job duties, responsibilities, compensation and complete testing below:
8.9	Determine if the employee's salary and benefit costs are reasonable, necessary and charged to appropriate grants, funding sources, cost pools, based on their position descriptions and duties.
8.10	Determine if the employee's benefit costs are charged to the funding sources proportionate to the salary charges.
8.11	Determine if the employee's PAR/timesheet:
8.12	Provides appropriate activity codes based on their job duties/functions.
8.13	Reflects an after-the-fact determination of actual activities.
8.14	Signed/approved by the employee and/or their supervisor.
8.15	Reasonably reflects the total activity for which the employee is compensated.
8.16	For separated employees, determine if the separation procedures were followed.
8.17	Document findings, issues of non-compliance, observations, and technical assistance items.
9.0	Salary and Bonus Cap Testing
9.1	Identify if executive staff received bonuses/performance bonuses, salary increases, merit increase, pay incentives.
9.2	If executive staff received any pay increases, test for BOD approval, and whether it's reasonable/necessary for award and prudent use of funds.
9.3	Test the salary and bonus cap for the calendar year.
9.4	Verify the Annual Salary Cap Analysis certification was submitted to DEO timely. Document the date received/reviewed by FMA.
9.5	Review the Salary-Cap Calculation worksheet completed by the LWDB to determine:
9.6	Identified the salary and bonus rate paid for the highest paid staff members.
9.7	Annual salary and bonus rate for all staff greater than the annual salary and bonus cap were identified.
9.8	Verify the salary and bonus agrees to the compensation paid per the employee's payroll records.
9.9	Review the supporting documentation for the portion of salary subject to the salary cap. If the amount is less than 100%, ensure the methodology is reasonable and consistent.
9.10	If there was excess compensation above the cap, verify appropriate entries were made to reduce the level of funding from non-federal/non-state sources.
9.11	Document additional testing, if necessary.
9.12	Document findings, issues of non-compliance, observations, and technical assistance items.

Procedure Number	Objective/Testing Procedure
10.0	Purchasing/Procurements
10.1	Obtain and review policies and procedures and other documentation to determine whether the procurement system addresses the following standards: If not addressed in policies and procedures, determine how compliance with the standards are achieved.
10.2	Utilizes documented procurement procedures which reflect applicable State and local laws and regulations and conform to applicable Federal law and procurement standards identified in 2 CFR Part 200.
10.3	Maintains written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts. The conflict of interest standards also addresses the requirements of 20 CFR 667.200(a) (4) related to Board members.
10.4	Uses procurement procedures that provide for, at a minimum, the following:
10.5	Avoid acquisition of unnecessary or duplicative items.
10.6	Enter into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.
10.7	Maintain sufficient records to detail the history of the procurement.
10.8	Responsibility for the settlement of all contractual and administrative issues arising out of procurements.
10.9	The organization must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.
10.10	Written procedures for procurement transactions must ensure that all solicitations have:
10.11	Clear and accurate description of the technical requirements for the material, product, or service to be procured.
10.12	All requirements which the offerors must fulfill in evaluating bids or proposals.
10.13	Ensure all prequalified lists of persons, firms, or products which are used are current and include enough qualified sources to ensure maximum open and free competition; potential bidders must not be precluded from qualifying during the solicitation period.
10.14	For individual procurements, the procurement procedures only allow for one of the following methods of procurement:
10.15	Micro-purchase
10.16	Small purchase
10.17	Sealed bids (formal advertising)
10.18	Competitive proposals
10.19	Noncompetitive proposals (proposal from only one source).
10.20	Verify the applicable requirements for Procurement Transactions are met for the samples selected. If applicable to the current monitoring period, test the procurement and selection of the One-Stop Operator:
10.21	Applicable to All Procurement Transactions
10.22	The good or service was procured in accordance with the procurement policies.
10.23	The procurement transaction demonstrates open and free competition.
10.24	There is a clear description of the goods or services needed.

Procedure Number	Objective/Testing Procedure
10.25	The transaction complies with the provision of the Stevens Amendment as specified in P.L. 115-31, Division H, Title V, Section 505; P.L. 103-333 §508.
10.26	Sufficient records maintained detailing the history of procurement, including rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for contract price.
10.27	Performs a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold, currently \$250,000, including contract modifications.
10.28	For equipment purchases, where appropriate, an analysis was made of lease versus purchase alternatives, and any other analysis to determine the most economical approach.
10.29	The selection was made on a basis consistent with the procurement instrument used (micro-purchase, small purchase procedures, sealed bids, competitive proposals, or non-competitive proposals.)
10.30	There were no conflicts of interest (real or apparent), for staff members or Board of Director members.
10.31	The award was not made to a debarred or suspended party, if applicable. Threshold for Debarment and Suspension is procurements greater than or equal to \$25,000, or procurements of Federally required audit services in any amount.
10.32	Procurements for WIOA Youth services are competitively procured.
10.33	The procurement complies with section 287.134, F.S. – discriminatory vendor list.
10.34	The procurement complies with section 287.133(s)(a), F.S. if the Board is affiliated with a local government.
10.35	Award of \$1,000,000 or greater has certification the contractor is meets the requirements set in section 287.135, F.S. – scrutinized companies
10.36	The services were not procured from board members, unless allowable.
10.37	If required, the related-party purchase included the appropriate prior approval from DEO.
10.38	Related party procurements requirements were met. (i.e., voted on by 2/3 of board, not voted on by affected board member, conflict of interest form completed, purchases over \$25,000 approved by DEO.) *Effective 7/2021 purchases over \$10,000 approved by DEO.
10.39	Applicable to Small Purchases
10.40	Documentation (i.e. sales receipt, on-line quotes, verbal quotes.)
10.41	Files indicate the price or rate quotations were from an adequate number of qualified sources (more than one).
10.42	Review documentation of quotes.
10.43	Determine if the documentation is adequate and the number of quotes obtained is in accordance with policies and procedures.
10.44	Applicable to Bid and Competitive Proposals
10.45	Public notice
10.46	Copy of RFP (i.e. technical requirements, statement of work, cost requirements and evaluation criteria).
10.47	Proposals Submitted
10.48	Evaluation of Proposals

Procedure Number	Objective/Testing Procedure
10.49	Board Approval of Contracts (as applicable)
10.50	Contract Negotiations (if different than proposed price)
10.51	Award of contract to lowest bidder who met the technical requirements/specifications (fixed awards)
10.52	Applicable to Sole Source or Other Non-Competitive Proposals
10.53	Documentation that this award was not feasible under any other procurement method.
10.54	Document findings, issues of non-compliance, observations, and technical assistance items.
11.0	Contracting / Contract Monitoring
11.1	Obtain and review policies and procedures and other documentation to determine whether the organization's contract administration system addresses the following standards:
11.2	All procurement contracts and other transactions between LWDBs and units of state or local governments using WIOA funds must be conducted only on a cost reimbursement basis. No provision for profit is allowed.
11.3	Any excess of revenue over costs incurred for services provided is included in program income.
11.4	Negotiates profit as a separate element of the price for each contract in which there is no price competition and, in all cases, where cost analysis is performed.
11.5	Costs or prices based on estimated costs for contracts are negotiated using the Federal cost principles.
11.6	The cost plus a percentage of cost or percentage of construction cost methods of contracting shall not be used.
11.7	The organization must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement.
11.8	Time and materials type contracts may be used only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk.
11.9	Maintain oversight ensuring contractors perform in accordance with the contract or purchase order.
11.10	For each sample selected, verify the following:
11.11	Must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.
11.12	Contracts for more than the simplified acquisition threshold currently set at \$250,000, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
11.13	Contracts in excess of \$10,000 must address termination for cause and for convenience by the organization.
11.14	Equal Employment Opportunity (contracts greater than \$10,000.)
11.15	Davis-Bacon Act, as amended (40 U.S.C.276a to a-7) (construction contracts greater than \$2,000.)

Procedure Number	Objective/Testing Procedure
11.16	Copeland “Anti-Kickback” Act (18 U.S.C. 874 and 40 U.S.C. 276c.)
11.17	Contract Work Hours and Safety Standards Act (40 U.S.C. § 327–333); (generally applicable to contracts in excess of \$100,000 that involve the employment of mechanics or laborers.)
11.18	Rights to Inventions Made Under a Contractor Agreement (applies to contracts for experimental, developmental, or research work.)
11.19	Prohibition on certain telecommunications and video surveillance services or equipment. 2 CFR § 200.216.
11.20	Domestic preferences for procurements. 2 CFR § 200.322, if applicable.
11.21	Clean Air Act (42 U.S.C. § 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), as amended (contracts greater than \$150,000.)
11.22	Debarment and Suspension (E.O.’s 12549 and 12689) (applies to contracts greater than \$25,000 unless the contract is for federally required audit services).
11.23	Byrd Anti-Lobbying Amendment (31 U.S.C. § 1352) (applies to contracts greater than \$100,000.)
11.24	Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (42 U.S.C. 6962) (applies to contracts with a state agency or agency of a political subdivision of a state that is greater than \$10,000.)
11.25	Contract is not with any entity that appears on the discriminatory vendor list section 287.134, F.S.
11.26	For each sample selected, verify that contract management procedures are performed for the following activities:
11.27	Contract Administration.
11.28	Contract Monitoring.
11.29	Contract Close Out.
11.30	Contract Termination.
11.31	Document findings, issues of non-compliance, observations, and technical assistance items.
12.0	Subawarding / Subrecipient Monitoring (Services for carrying out a portion of the Federal award)
12.1	Obtain and review policies and procedures and other documentation to determine whether the organization’s subaward administration system addresses the following standards. If not addressed in policies and procedures determine how compliance with the standards is achieved.
12.2	The LWDB must decide on the appropriate instrument for the Federal award (i.e., grant agreement, cooperative agreement, or contract). Grant agreements should be used for services for carrying out a portion of the federal award. The policies should address criteria for determining whether a grant agreement is used.
12.3	The LWDB is responsible for oversight of the operations of the Federal award and must monitor activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations.
12.4	Subaward Agreement Requirements:
12.5	Applicable to All Subawards
12.6	For each sample selected, verify the required Federal Award Identification information is included in the subaward, as follows:

Procedure Number	Objective/Testing Procedure
12.7	Award of \$1,000,000 or greater has certification the contractor is meets the requirements set in section 287.135, F.S. – scrutinized companies.
12.8	Subrecipient name
12.9	Subrecipient’s unique entity identifier (or DUNS) Note: By April 2022, the Federal government will no longer use DUNS as the unique entity identifier; entities contracting to do business with the federal government will use the unique entity identifier created by SAM.gov. (see https://www.gsa.gov)
12.10	Federal Award Identification Number (FAIN.)
12.11	Federal Award Date.
12.12	Subaward Period of Performance; Start and End Date.
12.13	Subaward Budget Period Start and End Date.
12.14	Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient.
12.15	Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation.
12.16	Total Amount of the Federal Award committed to the subrecipient by the pass-through entity.
12.17	Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA.)
12.18	Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity.
12.19	Assistance Listings (formerly CFDA) number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement.
12.20	Identification of whether the award is R&D, and
12.21	Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414 Indirect (F&A) costs.)
12.22	Assessment of Subrecipients risk of non-compliance
12.23	Evaluate each subrecipient’s risk of noncompliance consideration of such factors as: experience with the same or similar subawards; results of previous audits; new personnel or substantially changed systems; extent and results of Federal awarding agency monitoring.
12.24	The LWDB reviews the subrecipient's Chart of Accounts (to ensure they are reporting costs in the appropriate cost categories); and the LWDB's policies and procedures are provided to the subrecipient to ensure accurate financial reporting.
12.25	If necessary, specific subaward conditions upon a subrecipient if appropriate as described in § 200.208 Specific Conditions.
12.26	Funds shall not be used to pay the salary and bonuses of an individual, either as direct costs or indirect costs, at a rate in excess of Executive Level II for DEO appropriated funds.
12.27	Additional requirements in order to meet responsibilities to DEO including identification of any required financial and performance reports.
12.28	Approved federally recognized indirect cost rate or a rate negotiated between the organization and the subrecipient, or a de minimis indirect cost rate, if applicable.
12.29	A requirement that the subrecipient permit the organization and auditors to have access to the subrecipient’s records and financial statements as necessary.

Procedure Number	Objective/Testing Procedure
12.30	Appropriate terms and conditions concerning closeout of the subaward.
12.31	Applicable to Fixed Amount Subawards
12.32	For each sample selected, verify the following is completed and/or included in the fixed amount subaward:
12.33	Prior written approval from DEO was obtained.
12.34	Payments are based on meeting specific requirements of the Federal award. Accountability is based on performance and results. The award amount was negotiated using the cost principles as a guide.
12.35	The organization used cost, historical, or unit pricing data to establish the fixed amount award with assurance that the subrecipient will realize no increment above actual cost.
12.36	If the award was terminated before completion of the project, the award amount was adjusted.
12.37	The subrecipient certified in writing to the organization at the end of the award that the project or activity was completed, or the level of effort was expended.
12.38	The organization provided prior written approval to the subrecipient for changes in principal investigator, project leader, project partner, or scope of effort, if applicable.
12.39	Subaward Provisions Requirements. For each subaward sampled, verify the required contract provisions are included in the award, as applicable.
12.40	Equal Employment Opportunity
12.41	Copeland “Anti-Kickback” Act (18 U.S.C. 874 and 40 U.S.C. 276c), if applicable.
12.42	Davis-Bacon Act, as amended (40 U.S.C.276a to a-7), if applicable.
12.43	Contract Work Hours and Safety Standards Act (40 U.S.C. § 327–333), if applicable.
12.44	Clean Air Act (42 U.S.C. § 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), as amended.
12.45	Debarment and Suspension (E.O.’s 12549 and 12689)
12.46	Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)
12.47	Procurement of Recovered Materials. A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act.
12.48	Trafficking Victims Protection Act of 2000 (2 CFR 175)
12.49	Veteran's Priority of Service Provisions (38 U.S.C. 4215 and 20 CFR 1010)
12.50	Hatch Act (5 U.S.C. 1501-1508 and 7324)
12.51	Title VI of the Civil Rights Act of 1964 as amended, 42 U.S.C. 2000d et seq.
12.52	Title IX of the Education Amendments of 1972 as amended, 20 U.S.C. 1681 et. Seq.
12.53	The Age Discrimination Act of 1975 as amended, 42 U.S.C. 6101 et seq.
12.54	Section 504 of the Rehabilitation Act of 1973 as amended, 29 U.S.C. 794
12.55	Title III of the Americans with Disabilities Act of 1990, 42 U.S.C. 12181 et seq.
12.56	Equal Treatment for Faith-Based Organizations (29 CFR 2, Subpart D)
12.57	Section 188 Workforce Innovation and Opportunity Act of 2014 (WIOA) (29 CFR 37)
12.58	Environmental Tobacco Smoke (Part C of P.L. 103-227)
12.59	Purchase of American-Made Equipment and Products (P.L. 103-333 §507)
12.60	Public Announcements and Advertising (P.L. 103-333 §508); Stevens Amendment (Public Law 115-31, Division H, Title V, Section 505)

Procedure Number	Objective/Testing Procedure
12.61	Office of Management and Budget (OMB) Circular
12.62	Drug-Free Workplace (P.L. 100–690, Title V, Subtitle D; 41 U.S.C. 701–702)
12.63	Lobbying (216.347, F. S. 200.450)
12.64	Confidential Records (119.021, F.S.); Retention requirements for records (2 CFR 200.334); Access to records (2 CFR 200.337)
12.65	Domestic Preferences for Procurement. 2 CFR § 200.322
12.66	Prohibition on certain telecommunications and video surveillance services or equipment. 2 CFR § 200.216
12.67	Statutory and national policy requirements. 2 CFR § 200.300 Pursuant to EO 13798 Promoting Free Speech and Religious Liberty and EO 13864 Improving Free Inquiry, Transparency, and Accountability at College and Universities.
12.68	Subaward File Requirements:
12.69	For each sample selected, examine supporting documentation to determine if the files include the following items:
12.70	A complete, executed (signed) subaward agreement.
12.71	Subaward relationship was determined – Subrecipient or Contractor.
12.72	For each sample selected, verify that subaward management procedures are performed for the following activities:
12.73	Subaward Administration:
12.74	Subaward Close Out:
12.75	Subaward Termination:
12.76	Subaward Monitoring Tests:
12.77	For each sample selected, verify the following monitoring activities have been performed:
12.78	Reviewed any required financial and programmatic reports.
12.79	How did the LWDB communicate monitoring results to subrecipient
12.80	Verified that the subrecipient was audited, if required.
12.81	If necessary, ensured that the subrecipient took timely and appropriate action on all deficiencies that were detected through audits, on-site reviews, or other means.
12.82	If necessary, issued a management decision for audit findings pertaining to the subaward.
12.83	If necessary, provided training and technical assistance on program-related matters.
12.84	Performed reviews of the subrecipient’s program operations.
12.85	If necessary, adjusted to the records based on the results of the subrecipient’s audits, on-site reviews, or other monitoring activities.
12.86	For each sample, verify the organization completed the Salary & Bonus Cap testing for its subrecipients:
12.87	Tested salaries & bonuses of all subrecipient staff whose total compensation was in excess of the salary & bonus cap for the calendar year.
12.88	If necessary, appropriate entries were made to reduce the level of DEO funding for amounts exceeding the yearly cap.
12.89	Appropriate supporting documentation was maintained.
12.90	Document findings, issues of non-compliance, observations, and technical assistance items.

Procedure Number	Objective/Testing Procedure
13.0	Property Management
13.1	Obtain and review policies and procedures and other documentation to determine whether the following requirements for Property, Equipment and Other Capital Expenditures:
13.2	Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
13.3	Title requirements for equipment acquired with federal awards identified in 2 CFR 200.313 (a). (All titles vest w/ LWDB.)
13.4	Address the use requirements for equipment acquired with federal awards identified in 2 CFR 200.313 (c).
13.5	Obtain and review policies and procedures and other documentation to determine whether the following are addressed: prior approval requirements for Equipment and other Capital Expenditures:
13.6	Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval from DEO.
13.7	Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have written prior approval from DEO.
13.8	Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval from DEO.
13.9	Special arrangements and alterations costs incurred specifically for a Federal award are allowable as a direct cost with the prior approval from DEO.
13.10	A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years.
13.11	A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
13.12	Adequate maintenance procedures must be developed to keep the property in good condition.
13.13	The organization completes the following Disposition requirements for equipment acquired with federal awards identified in 2 CFR 200.313 (e):
13.14	If authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.
13.15	Equipment with a current per unit fair market value of \$5,000 or less are retained, sold or otherwise disposed of with no further obligation to DEO.

Procedure Number	Objective/Testing Procedure
13.16	Equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the organization or sold. The organization will request disposition instructions from DEO.
13.17	The LWDB may transfer title to the property to another LWDB.
13.18	Document findings, issues of non-compliance, observations, and technical assistance items.
14.0	Disbursement Testing
14.1	For all General Disbursements and Participant Services Disbursements selected, verify compliance for each:
14.2	Disbursement complies with applicable Federal cost principles.
14.3	Disbursement complies with applicable grant requirements.
14.4	If applicable, disbursement complies with the provision of the Stevens Amendment as specified in P.L. 115-31, Division H, Title V, Section 505; P.L. 103-333 §508
14.5	LWDB reviewed and approved expenditures in accordance with policies.
14.6	If applicable, prior approval was obtained in compliance with DEO's <i>Prior Approval Guidance for DEO Workforce Subrecipients</i> .
14.7	Disbursement complies with the period of availability.
14.8	Supporting documentation provided is sufficient to verify compliance with applicable laws, rules and regulations.
14.9	Correctly allocated/charged and supporting documentation clearly identifies the programs and activities benefiting from the costs.
14.10	Disbursement was properly recorded in the general ledger and classified correctly.
14.11	For Credit Card transactions, perform the following additional testing:
14.12	Review the monthly credit card activity reports/statements, subsidiary ledgers, and supporting documentation.
14.13	Performs a reconciliation for credit card accounts and reviews transactions prior to processing payments.
14.14	For Travel Related disbursements selected for testing, perform the following testing:
14.15	Review travel related costs and supporting documentation for compliance with F.S. 112.061, F.A.C. 69I-42 and travel policies.
14.16	For Related Party disbursements, perform the following additional testing:
14.17	Related party transactions comply with 445.007(11), FS and Related Party guidance/instructions located in the Grantee-Subgrantee Agreement
14.18	For Participant Services disbursements, in addition to procedures 14.2-10, perform the following additional testing:
14.19	Confirm with Programmatic Monitoring staff the participant's eligibility and need, as well as the applicable assessments, individualized education plan (IEP) case notes and follow-up services were documented in case file.
14.20	Document findings, issues of non-compliance, observations, and technical assistance items.

SECTION 3 – BASIS OR SOURCE

This section identifies documents, source of information, and criteria to be used in performing testing. The information provided includes federal requirements, state requirements, Grantee/Subgrantee agreement and LWDB policies and procedures. The monitoring team will use these and other pertinent information in determining whether the objectives are met.

1.0	Prior Year Corrective Action Follow-up
	Prior Year Monitoring Report
	Prior Year's Preventive / Corrective Action Plan
	Other supporting documentation provided to support resolution
	DEO/Grantee-Subgrantee Agreement
2.0	Financial Management Systems Processes
	2 CFR 200.302 Financial Management
	45 CFR 75.300-75.315 (USHHS)– Standards for Financial Management Systems
	Local Policies and Procedures, other source documents
	Financial Management (staff interviews)
	ETA One-Stop Comprehensive Financial Management Technical Assistance Guide, Part II, Updated July 2011
	DEO/Grantee-Subgrantee Agreement
3.0	Internal Control Environment
	Internal Control Questionnaire and Assessment
	2 CFR 200.303 Internal Controls
	45 CFR 75.300-75.315 (USHHS)– Standards for Financial Management Systems
	ETA One-Stop Comprehensive Financial Management Technical Assistance Guide, Part II, Updated July 2011
	Workforce Innovation and Opportunity Act (WIOA), Section 107
	DEO/Grantee-Subgrantee Agreement
	Florida Transparency Provisions; Section 445.007, F.S.
4.0	Cash Management and Revenue Recognition
	2 CFR 200.302 Financial Management
	2 CFR 200.305 Federal Payment
	2 CFR 200.307 Program Income
	45 CFR 75.300-75.315 (USHHS) – Standards for Financial Management Systems
	45 CFR 75.305 (USHHS)– Payment
	45 CFR 75.307 (USHHS)-Program Income
	Local Policies and Procedures
	Bank Statements and Reconciliations
	Cash Draw / Invoice and Supporting Documentation
	ETA One-Stop Comprehensive Financial Management Technical Assistance Guide, Part II, Updated July 2011
	DEO/Grantee-Subgrantee Agreement
5.0	SERA Reporting and Reconciliation
	45 CFR 74.300-75.315 (USHHS)– Standards for Financial Management Systems
	45 CFR 75.361-75.370 (USHHS) – Records Retention

45 CFR 75.381-75.385 (USHHS)– Closeout Procedures	
Notice of Funding Availability (grant award) from DEO	
Agency Instructions: Financial Management User Manual (SERA)	
Local Policies and Procedures related to SERA reconciliation	
6.0	Prepaid Program Items
45 CFR 75.300-75.315 (USHHS) – Standards for Financial Management Systems	
20 CFR Subpart G- Supportive Services	
Local Policies and Procedures related to prepaid program items	
7.0	General Ledger and Cost Allocation Statistics Review
2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards	
45 CFR 75.300-75.315 (USHHS) – Standards for Financial Management Systems	
Cost Allocation Plan	
Technical Assistance Guide (TAG), Parts I and II	
20 CFR 667.220(b)	
20 CFR 678.75; 20 CFR 678.500	
DEO/Grantee-Subgrantee Agreement, Section 5	
8.0	Payroll and Personnel Activity Report (PAR) Testing
2 CFR 200.413 Direct Cost	
2 CFR 200.430 Compensation – personal services	
2 CFR 200.431 Compensation – fringe benefits	
45 CFR 75.300-75.315 (USHHS) – Standards for Financial Management Systems	
Cost Allocation Plan	
Internal Control Questionnaire and Assessment	
ETA One-Stop Comprehensive Financial Management Technical Assistance Guide, Part II, Updated July 2011	
DEO/Grantee-Subgrantee Agreement	
9.0	Salary and Bonus Cap Testing
DEO Salary & Bonus Cap Guidance	
Annual Salary & Bonus Cap Certification and Worksheet	
Public Law 116-94, Section 105; annual Specific Appropriation for DEO	
DEO/Grantee-Subgrantee Agreement, Section 11	
10.0	Purchasing
2 CFR 200.318-327 General Procurement Standards; Appendix II (H); 2 CFR 180.220	
Section 112.313, F.S. – Standards of conduct for public officers, employees of agencies, and local government attorneys	
Section 287.133(2)(a), F.S. (Public entity crime)	
Section 287.134, F.S. (Discriminatory vendor list)	
Section 287.135, F.S., (Scrutinized Companies)	
Prior approval for related party transactions; Section 445.007(11), F.S.	
45 CFR 75.326-75.340 (USHHS) – Procurement Standards	
20 CFR 667.200 – WIOA Administrative Provisions	
45 CFR 75.300-75.315 (USHHS)– Standards for Financial Management Systems	
Stevens Amendment as specified in P.L. 115-31, Division H, Title V, Section 505; P.L. 103-333 §508;	
Local Policies and Procedures	
Internal Control Questionnaire and Assessment	

Prior Approval Guidance for LWDB's (Administrative Policy No. 87)	
ETA One-Stop Comprehensive Financial Management Technical Assistance Guide, Part II, Updated July 2011	
DEO/Grantee-Subgrantee Agreement	
11.0	Contracting / Contract Monitoring (Goods and Services for the LWDB's own use)
2 CFR 200.201 – Use of Grant Agreements (including fixed amount awards), cooperative agreements, and contracts	
2 CFR 200.318 – General Procurement Standards	
2 CFR 200.324 – Contract Cost and Price	
2 CFR 200.327 – Contract Provisions	
2 CFR 200.331 – Subrecipient and Contractor Determinations	
20 CFR 667.200 – Administrative Rules, Costs & Limitations	
45 CFR Appendix II to Part 75 (USHHS), – Contract Administration and Contract Provisions	
2 CFR Appendix II to Part 200 – Contract Provisions for non-Federal Entity Contracts Under Federal Awards	
45 CFR 775.326-75.340, – Procurement Standards	
Stevens Amendment as specified in P.L. 115-31, Division H, Title V, Section 505; P.L. 103-333 §508;	
45 CFR 75.300-75.315 (USHHS) – Standards for Financial Management Systems	
41 CFR 60-1.3; 48 CFR 2.101	
Local Contracting Procedures	
Section 287.133(2)(a), F.S. (Public entity crime)	
Section 287.134, F.S. (Discriminatory vendor list)	
Section 287.135, F.S., (Scrutinized Companies)	
Prior approval for related party transactions; Section 445.007(11), F.S.	
Internal Control Questionnaire and Assessment	
ETA One-Stop Comprehensive Financial Management Technical Assistance Guide, Part II, Updated July 2011	
DEO/Grantee-Subgrantee Agreement	
12.0	Subawarding / Subrecipient Monitoring (Services for carrying out a portion of the Federal award)
20 CFR 667 – Administrative Provisions Under Title I of the Workforce Investment Act	
45 CFR 75.300-75.315 (USHHS), – Standards for Financial Management Systems	
45 CFR 75.351-75.360 (USHHS) – Subrecipient Monitoring and Management	
45 CFR 75.361-75.370 (USHHS)- Record Retention and Access	
Section 287.133(2)(a), F.S. (Public entity crime)	
Section 287.134, F.S. (Discriminatory vendor list)	
Section 287.135, F.S., (Scrutinized Companies)	
Prior approval for related party transactions; Section 445.007(11), F.S.	
2 CFR 200.201 – Use of Grant Agreements (including fixed amount awards), cooperative agreements, and contracts	
2 CFR 200.300 – Statutory and National Policy Requirements	
2 CFR 200.331-333, Subrecipient Monitoring and Management	
2 CFR 200.344 – Closeout	
2 CFR 175 – Trafficking Victims Protection Act of 2000	
P.L. 103-333 §508; Stevens Amendment as specified in P.L. 115-31, Division H, Title V, Section 505	
Local Policies and Procedures	
Internal Control Questionnaire and Assessment	

ETA One-Stop Comprehensive Financial Management Technical Assistance Guide, Part II, Updated July 2011	
DEO/Grantee-Subgrantee Agreement	
13.0	Property Management
Internal Control Questionnaire and Assessment responses	
Policies and Procedures	
2 CFR 200.310-316, Property Standards	
2 CFR 200.439 – Equipment and other capital expenditures	
2 CFR 200.462 – Rearrangement and reconversion costs	
45 CFR 75.316-75.325 (USHHS)– Property Standards	
Prior Approval Guidance for DEO Workforce Subrecipients (Administrative Policy No. 87)	
ETA One-Stop Comprehensive Financial Management Technical Assistance Guide, Part II, Updated July 2011	
DEO/Grantee-Subgrantee Agreement	
14.0	Disbursement Testing (Applicable to All Disbursement Samples)
2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards	
Cost Allocation Plan	
Technical Assistance Guide (TAG), Parts I and II	
45 CFR 75.309 (USHHS) – Standards for Financial and Program Management	
P.L. 103-333 §508; Stevens Amendment as specified in P.L. 115-31, Division H, Title V, Section 505	
Classification of costs (programmatic vs. administrative) in accordance with WIOA requirements; 20 CFR 667.220(b)	
Prior Approval Guidance for DEO Workforce Subrecipients (Administrative Policy No. 87)	
Related Party Transactions, 445.007(11), F.S. and Grantee-Subgrantee Agreement (related party guidance)	
Travel: 112.061, FS; F.A.C. 69I-42, and Local Travel Policy	
DEO/Grantee-Subgrantee Agreement	