



Workforce System Directive Sub-grantee Risk Assessment

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Approved By: Trae Rahill, Chief Executive Officer

Approved by Governor's Council for Workforce and Economic Development: 01/19/2024

STAKEHOLDERS:

- Chief Local Elected Officials
- Workforce Development Board Chairs
- Workforce Development Board Staff
- Designated Fiscal Agent Staff
- Oklahoma Career Tech
- Oklahoma Rehabilitation Services
- Wagner Peyser

REFERENCES:

- [Workforce Innovation and Opportunity Act](#)
- Workforce Innovation and Opportunity Act Sec. 183
- Workforce Innovation and Opportunity Act Sec. 184
- Federal Register/Vol. 78 No. 248, Part 200 [FR/Vol 78 No 248](#)
- Federal Register/Vol. 81 No. 161, Part 683 [FR/Vol 81 No 161](#)
- [2 CFR 200.204](#)
- [2 CFR 200.205](#)
- [2 CFR 200.328](#)
- [2 CFR 200.331](#)
- [2 CFR 200.519-520](#)
- [20 CFR 683.145](#)
- [20 CFR 683.400-410](#)
- WSD #20-2024

PURPOSE: The Oklahoma Employment Security Commission (OESC), as the Governor's Workforce Innovation and Opportunity Act (WIOA) administrative entity, provides this issuance as guidance to the local workforce development boards and all recipients of Workforce

Innovations and Opportunity (WIOA) funds.

MESSAGE:

The Workforce Innovation and Opportunity Act (WIOA) requires a system of accountability to ensure an optimum return on federal funds invested in programs and activities administered by local workforce development areas (LWDAs). To ensure compliance with the Workforce Innovation and Opportunity Act (WIOA) and Uniform Administrative Requirements 2 CFR Part 200 and 20 CFR Part 683, the Oklahoma Employment Security Commission (OESC) is required to conduct a risk assessment on each local workforce development area (LWDAs) prior to grant funding being awarded.

Instructions:

As part of our federal compliance process, as the administrative pass-through entity, OESC will conduct a risk assessment on each local workforce development board prior to any federal funding being awarded, at least once each program year. Also, as the administrative pass-through entity, OESC must also assess the risk of a sub-grantee not complying with Federal statutes, regulations and the terms and conditions of sub-awards.

As part of this responsibility, local workforce development boards are required to incorporate a risk-assessment approach as a part of their oversight plan. Risk assessment results must inform the frequency and manner in which oversight will take place.

Purpose of Assessment

The purpose of an assessment is to provide OESC with information which will help in monitoring potential risk factors associated with financial awards to sub-grantees and to determine a monitoring approach. These factors are based on Federal and State statute, regulations and the terms and conditions of sub-awards.

Process/Methodology

The focus of the Risk Assessment is to ensure that sub-grantees meet the following requirements:

- Adhere to the grantor's guidelines and agreements,
- Remain within the budget,
- Fulfill the scope of service, and
- Ensure that proper internal controls are in place.

A risk assessment for eligible sub-grantees will be performed by OESC on an annual basis prior to federal grant award disbursements and when non-compliance of Federal and State statutes, regulations, and the terms of conditions of sub-awards are found. Risk factors will include, but will not be limited to:

- **Audit Findings**
- **State and Federal Monitoring**
- **Indications of Fraud and Abuse**
- **Financial Distress**
- **New Personnel**
- **Late Reporting**
- **Data Submission Errors**
- **Prior Experience**
- **Prior experience and/or known financial risk associated with the organization or its staff.**
- **Performance**
- **Size and complexity of program**
- **Capacity**
- **Number of years the program has been in existence.**
- **Allocation Amount**
- **Overpayments/Refunds**
- **Lapsed Funds/Carryover Amounts**
- **Service Provision Concerns/Disputes**
- **Reorganization**
- **Design and Governance**
- **Program and Grant Management**
- **Service Delivery**
- **Additional factors, as determined necessary throughout the assessment process.**

Upon completion of the risk assessment, all providers will be classified as high, moderate, or low risk. Each level of risk will have various levels of programmatic and fiscal monitoring that will be implemented during the program year.

Risk Evaluation

Low Risk: The risk associated with engaging the sub-recipient has no anticipated measurable effect financially or on the achievement of the grant goals and objectives.

- **Limited or no deficiencies in any of the following areas**
 - **Design and Governance**
 - **Administrative, Grant, and Fiscal Management**
 - **Program Services and Delivery**
 - **Performance Accountability**
- **No disallowed costs**

Medium Risk: The risk associated with engaging the sub-recipient could result in OESC operating inefficiently and/or expending unplanned resources to meet the grant goals and objectives.

- **Deficiencies in any of the following areas that result in demonstrable negative impact.**

- Design and Governance
- Administrative, Grant, and Fiscal Management
- Program Services and Delivery
- Performance Accountability
- Untimely or inaccurate data report submission
- Disallowed costs
- Difficulty resolving compliance issues.

High Risk: The risk associated with engaging the sub-recipient could compromise the grant goals, objectives, or compliance of State and Federal terms and conditions.

- Major Deficiencies in one or more of the following areas
 - Design and Governance
 - Administrative, Grant, and Fiscal Management
 - Program Services and Delivery
 - Performance Accountability
 - Untimely or inaccurate data report submission
- Overall Pattern of inability to achieve compliance requirements.
- Disallowed costs resulting from a lack of internal/sub-grantee controls or oversight, or a lack of staff knowledge.
- Lack of fiscal integrity
- Untimely or inaccurate data report submission
- Difficulty resolving compliance issues.

Monitoring

The oversight goal is to conduct each review for each local workforce development area (WDA) on an annual basis. Variances may occur based on risk assessments evaluating areas with a significantly higher risk or with a lower risk or other circumstances as determined by OESC.

Monitoring reviews will be conducted to confirm that programs are expending and obligating the funds as stated in the initial approved grant application. Monitoring intervals and intensity will be determined by OESC based on the results of the annual risk assessment.

The different types of programmatic and fiscal monitoring may include:

- On-Site Monitoring
- Desktop Monitoring
- Required Submission of Additional Documentation
- Required Attendance at Trainings/Technical Assistance

Upon completion of the monitoring, a Corrective Action Plan (CAP) may be required to resolve the issues identified during the evaluation. The local workforce development board (LDWB) will be required to submit a plan detailing how the incorrect programmatic and/or fiscal practices will be amended within the required time frame.

If there are unresolved CAP(s), further action may be taken to include:

- Specific award conditions/restrictions
- Immediate administrative oversight of local workforce development board's (LWDB's) functions
- Impose necessary sanctions per Workforce System Directive (WSD) #02-2020 Sanctions and Resolutions Policy

Technical Assistance and training will be provided during the program year, to help mitigate and alleviate some of the factors that constitute a risk.

EQUAL OPPORTUNITY AND NONDISCRIMINATION STATEMENT: All Recipients, and Sub-recipients/Sub-grantees must comply with WIOA's Equal Opportunity and Nondiscrimination provisions which prohibit discrimination on the basis of race, color, religion, sex (including pregnancy, childbirth, and related medical conditions, transgender status, and gender identity), national origin (including limited English proficiency), age, disability, political affiliation or belief, or, for beneficiaries, applicants, and participants only, on the basis of citizenship status or participation in a WIOA Title-I financially assisted program or activity.

ACTION REQUIRED: This Workforce System Directive (WSD) is to become a part of your permanent records and made available to appropriate staff and sub-recipients.

INQUIRIES: If you have any questions or concerns regarding issuance email: WorkforceServices.Inquiry@oesc.ok.gov.