

877—12.17(7B,PL97-300,PL102-367) Compliance review system. The department is responsible for reviewing program operations of all its grantees and subrecipients. The components of the review system are based upon policies, objectives and procedures prescribed in federal, state, or local documents. The review system is intended to comply with the state's oversight and monitoring responsibilities while minimizing the degree of interference with local decision making and control of JTPA programs.

Federal and state documents used to conduct reviews are listed in 12.8(3).

12.17(1) Method of review. There are two methods of review: statistical and procedural.

a. Statistical method. The statistical aspect of the reviews examines three areas: participant service levels, fiscal data, and performance measures.

(1) The review of service levels includes the items identified on the planning summaries in the local training plan which vary between JTPA titles or programs.

(2) The fiscal review may vary from JTPA title and program. The fiscal evaluation may include, but is not limited to, a review of expenditure levels in accordance with program requirements including cost category limitations, allowable costs, matching requirements, planned expenditure rates compared to actual expenditure levels, youth expenditures and the noneconomically disadvantaged expenditure requirements.

(3) The program performance review will include, but may not be limited to, a calculation of actual performance in each title and program and an evaluation against performance standards.

b. Procedural method. The procedural aspect of the reviews includes the examination of procedures used to organize and operate JTPA programs in the SDAs. Local procedures will be reviewed to determine compliance with federal and state requirements governing the program. Items in this review include, but are not limited to, the following: applicant and participant process, activities and services; auditing; cash management; complaint procedures; debt collection; equal opportunity; federal and state reports; financial management; fiscal accountability; general program provisions; grant agreement provisions; LEO/PIC agreement; local job training plan; management information system; monitoring; monthly progress reports; participant service levels; participant and service provider record; PICs and LEOs; procurement procedures; property; record retention and verification.

12.17(2) Procedures and time lines. There are two procedures used to implement the methods of review described above: the monthly performance review and the annual financial and program compliance review.

a. Monthly performance review.

(1) Monthly performance reviews of the operation of JTPA programs will be conducted for each grantee by the department. These reviews will provide a continuous process of program examination and identification of technical assistance needs.

(2) Monthly performance reviews will use the statistical method relying upon several reports including the JTPA financial status report (FSR), the MIS computer-generated monthly progress report and a monthly JTPA annual status report (JASR).

(3) The summary and details of the analysis will be provided to each local JTPA director by the end of each month. If significant findings are found in the analysis, corrective actions will be required or recommended and in some cases modification to the technical assistance plan may be necessary. If corrective action is required, the JTPA director must provide a written response along with the monthly reports submitted for the subsequent month. Follow-up determinations on findings and corrective actions will usually be carried out by examining the monthly reports. If a significant finding continues over a period of several months, an on-site review may be required.

b. Annual financial and program compliance reviews.

(1) Annual financial and program compliance reviews provide for a comprehensive, in-depth evaluation of all JTPA programs and a system of technical assistance to correct program deficiencies.

(2) Formal program compliance and financial management reviews will be conducted with each grantee by the department annually using a compliance guide and applicable documents. The formats of these reviews will be included in the Iowa JTPA handbook made available to each grantee.

(3) With the exception of Title IIB, both a financial management and program compliance review will be conducted during the first six months of the program year.

(4) A Title IIB program compliance review will be completed with each grantee during July of each summer program year. A program compliance review of 5 percent of the Title IIB work sites in each SDA will be conducted during June and July of each summer program year.

(5) The guides and documents used in conducting both program compliance and financial management reviews will include both statistical and procedural methods of review. The comprehensive review is designed to examine the statistical success or failure of the program operation and to evaluate the procedures, policies and methods of operation.

12.17(3) *Compliance review reports.*

a. A report will be completed on each financial and program compliance review and on each work site visit. This report shall include: a description of findings including any questioned costs; recommended corrective action to be implemented by the grantee; and time frames for completing any corrective action and responding to the report.

b. Because these reviews examine both program achievement and program efficiency, technical assistance is provided on both a required and recommended basis. Required corrective actions are necessary for any program performance levels or procedures which are deficient or in conflict with required standards of operation. Recommended corrective actions are suggested which may result in improved program efficiency or effectiveness.

c. Initial reports that include corrective action will be sent to the grantee only. The initial report may also be sent to the PIC chairperson and the chief elected official if the review identifies substantial problems.

d. The grantee must respond in writing to each report that includes required corrective action. The response must include a description and documentation of any corrective action taken. If the grantee disagrees with the findings of the report, the grantee must include in the response the reasons for the disagreement and any appropriate documentation.

e. The grantee shall have 20 days from the date of the report to respond to program compliance review reports. A maximum of 15 days shall be allowed to respond to financial management reports. For worksite visits, findings requiring corrective action must be initiated immediately upon verbal notification of the findings. A written response to worksite findings must be made within 10 days of the date a written report is issued.

f. A second report will be sent to the grantee within 20 days of receiving the grantee's response, if further corrective action is required. The grantee shall have 15 days to respond to the second report.

g. The department will issue a final report within 20 days of receipt of the grantee's response and corrective action. Copies of the final report, along with copies of the initial report and any responses from the grantee, will be sent to the PIC chairperson and the chief elected official.

h. Except for Title IIB, follow-up reviews will be conducted during the third quarter of the program year to review corrective actions taken in response to findings identified during the initial reviews. Title IIB follow-up will be conducted during the summer program year. Any follow-up visit will be documented via a letter to the grantee describing the findings and directing further corrective actions as necessary. If further corrective action is required, the grantee will have 15 days to respond.

12.17(4) *Questioned costs.* If the department questions costs in a compliance review or audit report, debt collection procedures will be initiated as provided in 12.15(7B,PL97-300,PL102-367). Grantees will be afforded an opportunity to request a hearing in accordance with 12.14(4) "g." Waiver requests by the grantee for subgrantee misexpenditures will follow the requirements of 12.14(4) "f."