

WORKFORCE INVESTMENT ACT (WIA)-CLUSTER

17.258 **WIA-ADULT PROGRAMS**
 17.259 **WIA-YOUTH ACTIVITIES**
 17.260 **WIA-DISLOCATED WORKERS**

State Project/Program: **WORKFORCE INVESTMENT ACT (WIA)**

U. S. Department of Labor

Federal Authorization: WIA is authorized under the Workforce Investment Act of 1998, Public Law 105-220, 20 U.S.C. 9201 Note.

State Authorization: 04 NCAC 20B
 N. C. Department of Commerce
 Division Workforce Development

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The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

Auditors may request documentation of monitoring visits by the State Agencies.

I. PROGRAM OBJECTIVES

The Workforce Investment Act of 1998 (WIA) superseded the Job Training Partnership Act (JTPA) and amended the Wagner-Peyser Act, reforming Federal job training programs that creates a new, comprehensive workforce system. The reformed system is intended to be customer-focused, to help Americans access the tools they need to manage their careers through information and high quality services, and to help U.S. companies find skilled workers.

WIA embodies the following seven key principles:

- 1) Streamlining services through better integration at the street level in the One-Stop delivery system.
- 2) Empowering individuals utilizing Individual Training Accounts (ITA’s); greater levels of information and guidance; and through the advice, guidance and support available through the One-Stop system.

- 3) Universal access to the One-Stop system and to core employment-related services.
- 4) Increased accountability.
- 5) Strong role for local workforce investment boards and the private sector.
- 6) State and local flexibility.
- 7) Improved youth programs.

The cornerstone of the WIA workforce investment system is One-Stop Service Delivery, which unifies numerous training, education and employment programs into a single, customer-friendly system in each community.

Title I, Subtitle B's purpose is to provide workforce investment activities through statewide and local workforce investment systems that increase the employment, retention, and earnings of participants and increase occupational skill attainment by participants, and, as a result, improve the quality of the workforce, reduce welfare dependency and enhance the productivity and competitiveness of the Nation.

II. PROGRAM PROCEDURES

Title I, Subtitle B of the WIA establishes the Statewide and Local Workforce Investment Systems.

WIA funds are awarded to States in accordance with statutory allotment formulas in accordance with Section 127(b)(1)(C) for Youth activities, Section 132(b)(1)(B) for Adult Employment and Training activities, and Section 132(b)(2)(B) for Dislocated Workers Employment and Training activities.

To receive financial assistance under WIA, the Governor of the State shall submit to the Secretary of Labor a single State Plan that outlines a 5-year strategy for the statewide workforce investment system in accordance with WIA sections 111 and 112. A state may submit modifications to a State plan as necessary during the 5-year period covered by the plan.

There shall be established in each local area of a State, and certified by the Governor of the State, a local workforce investment board, to set policy for the portion of the statewide workforce investment system within the local area. Each local board shall develop and submit to the Governor a comprehensive 5-year local plan in partnership with the appropriate chief elected official in accordance with section 118 of WIA. The plan shall be consistent with the State plan.

In North Carolina, the Governor has designated the Department of Commerce's Division of Workforce Development as the state's administrative agency for WIA Title I, Subtitle B funds. North Carolina received WIA funding based on national formulas included in the legislation.

Title I, Subtitle B provides funds under three parts: Youth Activities; Adult Employment & Training Activities; and Dislocated Worker Employment and Training.

Youth Activities Funds are distributed directly to the local areas (LAs) by the state by a federally determined formula as described in WIA section 128(b). The program activities funded through this allocation may vary from LA to LA according to local needs. It is the purpose of the programs assisted under this part to offer youths a broad range of coordinated services. Such offerings include opportunities for assistance in both academic and occupational learning; developing leadership skills; and preparing for further education, additional training, and eventual employment.

Adult and Dislocated Worker Employment and Training Activities Funds are distributed directly to the LAs by the state by a federally determined formula described in WIA section 132(b)(1) for Adult and (b)(2) for Dislocated Workers. The program funds shall be used to establish one-stop delivery systems to provide a) core services, b) intensive services and c) training services.

Expenditure Limits

The Governor of the State shall reserve not more than 15 percent of each of the amounts allotted to the State under section 127(b)(1)(C) and paragraphs (1)(B) and (2)(B) of section 132(b) for a fiscal

year for statewide workforce investment activities. Regardless of which funding stream the reserved amounts were allotted under (Youth, Adult or Dislocated Worker), the Governor may use the reserved amounts to carry out statewide youth activities described in section 129(b) or statewide employment and training activities, for adults or for dislocated workers, described in paragraph (2)(B) or (3) of section 134(a).

Not more than 5 percent of the amount allotted under Sec. 127(b)(1), Sec. 132(b)(1) and Sec. 132(b)(2) may be used by the State for administration costs.

Up to 25 percent of dislocated worker funds allotted to States under section 132(b)(2)(B) of WIA shall be reserved to provide rapid response assistance. Rapid response activities and who is responsible for providing them are described in 20 CFR 665.300.

Of the amount allocated to a local area for a fiscal year, not more than 10 percent of the amount may be used by the local board for the administrative cost of carrying out any of the local workforce investment activities described in WIA section 129(c) or subsection (d) or (e) of section 134.

For the Youth Activities funds, a minimum of 30 percent shall be used to provide youth activities to out-of-school youth

Transfer of Funds among Programs

A local board may transfer, if the Governor approves such a transfer, not more than 100% percent of the funds allocated to the local area between adult employment activities and dislocated worker employment activities. Local Boards may not transfer funds to or from the youth program.

III. COMPLIANCE REQUIREMENTS

A. ACTIVITIES ALLOWED OR UNALLOWED

Compliance Requirement

Youth Activities - To expend WIA funds for youth activities, the activities must conform to the youth program design as outlined in WIA section 129(c). The three categories that provide the framework for youth program design are:

- 1) An objective assessment of each participant
- 2) Individual service strategies
- 3) Services that prepare youth for postsecondary educational opportunities, link academic and occupational learning, prepare youth for employment and provide connections to intermediary organizations linked to the job market and employers.

WIA section 129(c)(2) lists ten program elements that must be generally available to youth through local programs. Local program operators must determine what program elements will be provided to each youth participant based on the participant's objective assessment and the service strategy. The elements consist of:

- 1) Tutoring, study skills training, and instruction leading to completion of secondary school, including dropout prevention strategies.
- 2) Alternative secondary school services, as appropriate
- 3) Summer employment opportunities that are directly linked to academic and occupational learning
- 4) As appropriate, paid and unpaid work experiences, including internships and job shadowing
- 5) Occupational skill training, as appropriate
- 6) Leadership development opportunities, which may include community service and peer-centered activities encouraging responsibility and other positive social behaviors during non-school hours, as appropriate

- 7) Supportive services
- 8) Adult mentoring for the period of participation and a subsequent period, for a total of not less than 12 months
- 9) Follow-up services for not less than 12 months after the completion of participation, as appropriate
- 10) Comprehensive guidance and counseling, which may include drug and alcohol abuse counseling and referral, as appropriate.

Adult and Dislocated Worker Services - WIA title I formula funds allocated to local areas for adults and dislocated workers must be used to provide core, intensive and training services through the One-Stop delivery system. Local Boards determine the most appropriate mix of these services, but all three types must be made available for both Adult and Dislocated workers.

At a minimum, all of the core services described in WIA section 134(d)(2) and 20 CFR 662.220 must be provided in each local area through the One-Stop delivery system. Follow-up services must be made available, for a minimum of 12 months following the first day of employment, to registered participants who are placed in unsubsidized employment.

Intensive services are listed in WIA section 134(d)(3)(C). The list is not all-inclusive and other intensive services may be provided, based on an assessment or individual employment plan.

Training services are listed in WIA section 134(d)(4)(D) and are not all-inclusive, as additional training services may be provided. Except under the three conditions described in WIA section 134(d)(4)(G)(ii) and 20 CFR 663.430, the Individual Training Account (ITA) is established for eligible individuals to finance training services. The ITA is established on behalf of a participant. WIA title I adult and dislocated workers purchase training services from eligible providers they select in consultation with the case manager. Contracts for services may be used instead of ITAs only when one of the three exceptions occurs as described in 20 CFR 663.430.

A program of training services is:

- 1) One or more courses or classes that, upon successful completion, leads to:
 - a) A certificate, an associate degree, or baccalaureate degree, or
 - b) A competency or skill recognized by employers, or
- 2) A training regimen that provides individuals with additional skills or competencies generally recognized by employers.

Audit Objective

Determine whether Federal Awards were expended only for allowable programs and activities.

Suggested Audit Procedures

- 1) Verify the validity of the ITA process by reviewing the Workforce Development Board's policies and procedures for issuing ITA's and then testing a sample of ITA's to verify policies and procedures were followed.
- 2) Identify the types of activities that are either specifically allowed or prohibited by the laws, regulations, and the provisions of contract or grant agreements pertaining to the program. Select a sample of transactions and perform procedures to verify that the transaction for individuals was for an allowable activity and consistent with the participants objective assessment and service strategy.

B. ALLOWABLE COSTS/COST PRINCIPLES

All subrecipients must follow the Federal allowable cost principles that apply to their kind of organizations. The DOL regulations at 29 CFR 95.27 and 29 CFR 97.22 identify the Federal principles for determining allowable costs which each kind of recipient and subrecipient must follow. The primary cost principles utilized are as follows (20 CFR 667.200 (c)):

- 1) State, local, and Indian tribal government organizations must use OMB Circular A-87, “Cost Principles for State, Local and Indian Tribal Governments”.
- 2) Non-profit organizations must use OMB Circular A-122, “Cost Principles for Non-Profit Organizations.”
- 3) Institutions of higher education must use OMB Circular A-21, “Cost Principles for Education Institutions.”

Costs of information technology – computer hardware and software – needed for tracking and monitoring of WIA program, participant, or performance requirements; or for collecting, storing and disseminating information under the core services provisions at sections 134(d)(2)(E), (F), (G), (H), and (I) of the Act, are excluded from the administrative cost limit calculation.

C. CASH MANAGEMENT

Funds may be provided to the local level on a reimbursement or advance basis. The Statewide Cash Management Plan outlines the policies, duties, responsibilities and requirements for cash management within State government on a broad basis. Subrecipients are required to adhere to the State Cash Management Plan found in Chapter 147-86.10 of the General Statutes. The time frame for minimizing time between receipt and expenditure of funds by local is the same as the State. They have 48 hours to receive the funds and expend the funds.

Federal funds received for major federal assistance programs, which are governed by the Cash Management Improvement Act of 1990, must be drawn in accordance with the current State/Federal Agreement.

Electronic Fund Transfer (EFT) is used to disburse funds to subrecipients via the electronic warrant system.

Suggested Audit Procedure

Review deposits and expenditures to insure that procedures are in place to maximize interest-bearing investment of cash and to minimize idle and nonproductive cash balances.

E. ELIGIBILITY

Each administrative entity is responsible for the eligibility of those enrolled in its programs. Records must be maintained of each participant’s enrollment in sufficient detail to demonstrate compliance with the relevant eligibility criteria for a particular program and with the restrictions on the provisions and duration of services and specific activities authorized by WIA.

Eligibility for Individuals

All Program Categories

- 1) Selective Service: No participant may be in violation of section 3 of the Military Selective Service Act (50 USC App.453) by not presenting and submitting to registration under that Act (29 USC 2939(h)).
- 2) Citizenship: WIA participants must be citizens and nationals of the United States, lawfully admitted permanent resident aliens, refugees, asylees, and parolees, and other immigrants authorized by the Attorney General to work in the United States (29 USC 2938(a)(5)).

Adult and Dislocated Worker

Core Services (20 CFR 663.110)

To be eligible for core services an individual must be 18 years of age or older.

Intensive Services (20 CFR 663.220)

There are two categories of adults and dislocated workers who may receive intensive services:

- 1) Adults and dislocated workers who are unemployed, have received at least one core service and are unable to obtain employment through core services, and are determined by a One-Stop operator to be in need of more intensive services to obtain employment; or
- 2) Adults and dislocated workers who are employed, have received at least one core service, and are determined by a One-Stop operator to be in need of intensive services to obtain or retain employment that leads to self-sufficiency, as described in 20 CFR 663.230.

Training Services (20 CFR 663.310)

Training services may be made available to employed and unemployed adults and dislocated workers who:

- 1) Have met the eligibility requirements for intensive services, have received at least one intensive service under 20 CFR 663.240, and have been determined to be unable to obtain or retain employment through such services;
- 2) After an interview, evaluation, or assessment, and case management, have been determined by a One-Stop operator or One-Stop partner, to be in need of training services and to have the skills and qualifications to successfully complete the selected training program;
- 3) Select a program of training services that is directly linked to the employment opportunities either in the local area or in another area to which the individual is willing to relocate;
- 4) Are unable to obtain grant assistance from other sources to pay the costs of such training, including Federal Pell Grants established under title IV of the Higher Education Act of 1965, or require WIA assistance in addition to other sources of grant assistance, including Federal Pell Grants (provisions relating to fund coordination are found at 20 CFR 663.320 and WIA section 134(d)(4)(B)) and in Local Area Issuance Number 2000-02, dated June 26, 2000; and
- 5) For individuals whose services are provided through the adult funding stream, are determined eligible in accordance with the State and local priority system, if any, in effect for adults under WIA section 134(d)(4)(E) and 20 CFR 663.600. See below.

Priority and Special Populations

WIA states, in section 134(d)(4)(E), that in the event that funds allocated to a local area for adult employment and training activities are limited, priority for intensive and training services funded with title I adult funds must be given to recipients of public assistance and other low-income individuals in the local area. The process for which priority will be applied is listed under WIA section 134(d)(2)(E). Funds allocated for dislocated workers are not subject to this requirement.

Dislocated Workers

Individuals must be 18 years of age or older to be eligible under the dislocated workers program. Both

dislocated workers and displaced homemakers are eligible for dislocated workers activities under WIA. The term-dislocated worker means an individual whom:

- 1) Has been terminated or laid off, or who has received a notice of termination or layoff from employment; and
Is eligible for or has exhausted entitlement to unemployment compensation; or
 - a) Has been employed for a duration sufficient to demonstrate, to the appropriate entity at a one-stop center referred to in section WIA 134(c), attachment to the workforce, but is not eligible for unemployment compensation due to insufficient earnings or having performed services for an employer that was not covered under a State unemployment compensation law; and
 - b) Is unlikely to return to a previous industry or occupation.
- 2) Has been terminated or laid off, or has received a notice of termination or layoff, from employment as a result of any permanent closure of, or any substantial layoff at, a plant, facility, or enterprise.
- 3) Is employed at a facility at which the employer has made a general announcement that such facility will close within 180 days; or
- 4) For purposes of eligibility to receive services other than training services described in section 134(d)(4), intensive services described in section 134(d)(3), or supportive services, is employed at a facility at which the employer has made a general announcement that such facility will close;
- 5) Was self-employed (including employment as a farmer, a rancher, or a fisherman) but is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters; or
- 6) Is a displaced homemaker
An individual who has been providing unpaid services to family members in the home and who
 - a) Has been dependent on the income of another family member but is no longer supported by that income; and
 - b) Is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

Youth Services

An eligible youth is defined, under WIA section 101(13) and 20 CFR 664.200, as an individual who:

- 1) Is age 14 through 21
- 2) Is a low income individual, as defined in the WIA section 101(25); and
- 3) Is within one or more of the following categories:
 - a) Deficient in basic literacy skills
 - b) School dropout
 - c) Homeless, runaway, or foster child
 - d) Pregnant or parenting
 - e) Offender; or
 - f) Is an individual (including a youth with a disability) who requires additional assistance to complete an educational program, or to secure and hold employment (WIA sec. 101(13)).

An out-of-school youth is:

- 1) An eligible youth who is a school dropout; or
- 2) An eligible youth that has received a secondary school diploma or its equivalent but is basic skill deficient, unemployed or underemployed.

Eligible youth who are 18 through 21 years old may participate in youth and adult programs concurrently, as appropriate for the individual [20 CFR 664.500(b)].

Selection of Eligible Training Providers – Local Boards, in partnership with the State, identify training providers whose performance qualifies them to receive WIA title I-B funds to train adults and dislocated workers. Subject to the provisions of WIA section 122, to gain initial eligibility to receive the funds, the provider shall be-

- 1) A postsecondary educational institution that
 - a) Is eligible to receive Federal funds under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.); and
 - b) Provides a program that leads to an associate degree, or certificate;
- 2) An entity that carries out programs under the Act of August 16, 1937 (commonly known as the “National Apprenticeship Act,” 50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.).
- 3) Another public or private provider of a program of training services.

F. EQUIPMENT AND REAL PROPERTY MANAGEMENT

Compliance Requirement

Equipment Management

Title to equipment acquired by a subrecipient with Workforce Investment funds vests with the subrecipient. Equipment means tangible non-expendable property, including exempt property, charged directly to the award having a useful life of more than one year and an acquisition cost of \$500 or more per unit. (In section 3.6 of the Grant Administration Agreement, the State has adopted a more restrictive definition of non-expendable property than A-102.)

Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained. When equipment with a current per unit fair market value in excess of \$5000 is no longer needed for a Federal program it may be retained or sold with the Federal agency having a right to a proportionate (percent of Federal participation in the cost of the original project) amount of the current fair market value. Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return.

Real Property

WIA title I funds must not be spent on construction or purchase of facilities or buildings except:

- 1) To meet a recipient’s, as the term is defined in 29 CFR 31.2(h), obligation to provide physical and programmatic accessibility and reasonable accommodation, as required by section 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, as amended;
- 2) To fund repairs, alterations and capital improvements of:
 - a) State Employment Security Agency real property, identified at WIA section 193, using a formula that assesses cost proportionate to space utilized
 - b) JTPA owned property, which is transferred to WIA title I programs;
- 3) For Job Corps facilities, as authorized by WIA section 160(3)(B)
- 4) To fund disaster relief employment on projects for demolition, cleaning, repair, renovation, and reconstruction of damaged and destroyed structures, facilities, and lands located within a disaster area. (WIA section 173(d)).

G. MATCHING, LEVEL OF EFFORT AND/OR EARMARKING REQUIREMENTS

Compliance Requirements

Title I of the WIA contains both financial earmarking requirements (cost limitations) and programmatic earmarking requirements. Programmatic earmarking occurs when WIA stipulates individuals with certain characteristics shall be served at or above a certain percentage in relation to total program participation.

Earmarking

1) Title I Youth Activities

At a minimum, 30 percent of the funds allocated each program year to a local area under WIA section 128(b)(2) or (b)(3) shall be used to provide youth activities to out-of-school youth. The term “out-of-school” youth means (a) an eligible youth who is a school dropout; or (b) an eligible youth who has received a secondary school diploma or its equivalent but is basic skills deficient, unemployed, or underemployed (WIA section 101(33)).

Not more than five percent of participants assisted under the youth program in each local area may be individuals who do not meet the minimum income criteria to be considered eligible youth, if such individuals are within one or more of the following categories:

- a) Individuals who are school dropouts.
- b) Individuals who are basic skills deficient
- c) Individuals with educational attainment that is one or more grade levels below the grade level appropriate to the age of the individuals
- d) Individuals who are pregnant or parenting.
- e) Individuals with disabilities, including learning disabilities.
- f) Individuals who are homeless or runaway youth.
- g) Individuals who are offenders.
- h) Other eligible youth who face serious barriers to employment as identified by the local board.

2) Local Administrative Cost Limit

Of the WIA formula funds allotted for services to youth, adults and dislocated workers, not more than 10 percent of the amount may be used by the local board for the administrative cost of carrying out local workforce investment activities. Costs of information technology, computer hardware and software, needed for tracking and monitoring of WIA program, participant, or performance requirements or for collecting, storing and disseminating information under the core services provisions at sections 134(d)(2)(E), (F), (G), (H) and (I) of the Act, are excluded from the administrative cost limit calculation.

H. PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Compliance Requirement

Funds allocated to a local area under WIA section 128(b) and 133(b), for any program year are available for expenditure only during that program year, between July 1st and June 30th, and the succeeding program year. Youth funds can be expended April 1 – June 30th and the succeeding program year. Funds that are not expended by a local area in the two-year period must be returned to the Department of Commerce. Funds so returned are available for expenditure by the Department of Commerce and subrecipients only during the third program year of availability.

I. PROCUREMENT AND SUSPENSION AND DEBARMENT

Compliance Requirement

Except as noted in 20 CFR 667.200 paragraphs (a)(3) through (6), State, Local, and Indian tribal government organizations that receive grants or cooperative agreements under WIA title I must follow the common rule “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments” which is codified as 29 CFR part 97 (20 CFR 667.200(a)).

In addition to the requirements at 29 CFR 97.36(I), all procurement contracts and other transactions between Local Boards and units of State or local governments must be conducted only on a cost reimbursable basis. No provision for profit is allowed. (WIA section 184(a)(3)(B))

Compliance Requirement

Memorandum of Understanding (MOU) - The MOU must contain the provisions required by WIA section 121(c)(2). These provisions cover services to be provided through the One-Stop delivery system the funding of the services and operating costs of the system and methods for referring individuals between the One-Stop operators and partners. The MOU’s provisions also must determine the duration and procedures for amending the MOU, and may contain any other provisions that are consistent with WIA title I and these regulations agreed to by the parties. (WIA section 121(c).)

Audit Objectives

- 1) Determine if the Local Area has a Memorandum of Understanding for each one-stop facility signed by the required partners.
- 2) Determine if the partners are complying with the agreement.

Suggested Audit Procedures

- 1) Affirm a Memo of Understanding (MOU) was executed.
- 2) Review MOU to confirm inclusion of requirements listed in WIA section 121(c) and determine if the participating agencies are adhering to the MOU requirements.

Suspension and Debarment

All grant subrecipients must comply with the government-wide requirements for debarment and suspension, and the government-wide requirements for a drug-free workplace codified at 29 CFR part 98.

Restrictions on Lobbying

All grant recipients and subrecipients must comply with the restrictions on lobbying, which are codified in the DOL regulations at 29 CFR part 93.

Nondiscrimination

All WIA title I recipients, as the term is defined in 29 CFR 31.2(h), must comply with the nondiscrimination and equal opportunity provisions of WIA section 188 and its implementing regulations.

Audit Objectives

Determine whether procurements were made in compliance with the above referenced regulations and that participant training services purchased through Individual Training Accounts (ITAs) are purchased from a local board approved provider on the State “Eligible Training Provider” list.

Suggested Audit Procedures

Test a sample of training providers used to ascertain the provider is listed on the State “Eligible Training Provider” list, and has been approved by the local board to provide WIA training services.

J. PROGRAM INCOME

For program income requirements, the auditor should follow the guidance in the Federal A-133 Compliance Supplement contained in Section A, Part 4 of the State Compliance Supplement.

L. REPORTING

Compliance Requirements

Subrecipients must submit electronic financial reports (Statement of Expenditures and Accrued Costs) to the Division of Workforce Development (DWD) monthly using the State financial management information system.

- 1) Reports must include any income or profits earned by subrecipients, and any costs incurred (such as stand-in costs) that are otherwise allowable except for funding limitations. (WIA section 185(f)(2))
- 2) Reported expenditures and program income, including any profits earned, must be on the accrual basis of accounting and cumulative by fiscal year of appropriation.

Suggested Audit Procedures:

- 1) Verify the amounts reported were for approved activities per the grant agreement budget.
- 2) Sample expenditures reported and verify them to the accounting records for accuracy and completeness, including requirements for reporting accruals.

M. SUBRECIPIENT MONITORING

Compliance Requirements

Each subrecipient must continuously monitor grant-supported activities in accordance with the uniform administrative requirements at 29 CFR parts 97, including the applicable cost principles indicated at 29 CFR 97.22(b), for all entities receiving WIA title I funds.

N. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

In addition to the requirements at 29 CFR 97.36(b)(3) and conflict of interest clause stated in 04 NCAC 20B.0404(a), which address codes of conduct and conflict of interest issues related to employees:

A State Board member or a Local Board member or Youth Council member must neither cast a vote on, nor participate in, any decision-making capacity on the provision of services by such member (or any organization which that member directly represents), nor on any matter which would provide any direct financial benefit to that member or a member of his immediate family.

Neither membership on the State Board, the Local Board or the Youth Council nor the receipt of WIA funds to provide training and related services, by itself, violates these conflict of interest provisions.

Suggested Audit Procedures

Review the contracts to ensure that the beneficiary or contractor is not an employee or agent of the non-state agency (recipient) who exercises any function or responsibility with regard to the non-state agency nor an immediate family member. If a conflict exists, determine whether the non-state agency (recipient) has received written waiver of the conflict of interest provision for the contractor.