
Risk Assessment Policy

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). Monitoring reviews are to be conducted on an ongoing basis and should include risk assessments to ensure compliance with Workforce Innovation and Opportunity Act (WIOA) Section 183; 20 CFR part 683.410; and 2 CFR Part 200. As part of this responsibility and per the state's Workforce System Policy (WSP) No. 183-01, Oversight and Monitoring, 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.

NWPA Job Connect's risk assessment plan will include the following:

Assessing the risks. Consideration will be given to which contract(s) involve the most risks that may expose NWPA Job Connect to adverse consequences.

Identifying the frequency in which to monitor contractors. Consideration will be given to the level of vulnerability to the local area or NWPA Job Connect if the contractor's compliance with programmatic and fiscal system requirements is not systematically and regularly monitored.

Identifying the factors used to assess risk. At a minimum, the following will be answered and evaluated:

- Whether the service provider is new to operating or managing state or federal funds, or has not done so within the past five years
- Whether the contractor has new key personnel or substantially changed systems
- The extent and results of federal awarding agency monitoring (e.g., if the contractor also receives federal awards directly from a federal awarding agency)
- Whether the provider lacks effective operational and fiscal procedures and controls
- The results of previous audits including whether the contractor receives a Single Audit in accordance with 2 CFR 200, Subpart F – *Audit Requirements* of this part, and the extent to which the same or similar subaward has been audited as a major program; and
- What is the contractor's share of the local area's allocation?

NWPA Job Connect will include any additional steps, risk factors, and questions deemed necessary to ensure a comprehensive risk-assessment methodology.

Projecting the risk. NWPA Job Connect will assign well-defined, supported point values to the scoring system. The numerical ratings will be used to determine the overall

risk associated with, and how often to monitor, each contractor. NWPA Job Connect will classify service providers as high risk, medium risk, or low risk.

The scoring system for service provider risk assessment includes:

- 1) **Does the contractor have prior experience with the same or similar subawards?**
 - a. 8 points = New program for this entity; managed other state or federal awards
 - b. 5 points = Prior experience with program, but managed for less than 3 years
 - c. 0 points = Prior experience with same award

- 2) **Does the contractor have new key personnel staffing changes?**
 - a. 8 points = Program or Fiscal staff change (2 or more)
 - b. 5 points = Project Director or Fiscal Manager change
 - c. 1 point = Regional Director
 - d. 0 points = Program or Fiscal staff change (none or 1)

- 3) **Does the contractor have a significant history of oversight/monitoring findings?**
 - a. 8 points = More than one instance of disallowance
 - b. 5 points = A single instance of disallowance
 - c. 0 points = No disallowances have occurred

- 4) **Does the contractor lack effective operational and fiscal procedures and controls?**
 - a. 8 points = If more than one instance of noncompliance
 - b. 5 points = A single instance of noncompliance
 - c. 0 points = Full compliance

- 5) **What is the extent of contractor's recent single audit?**
 - a. 8 points = If substantial oversight findings occurred within past 2 years
 - b. 5 points = If some oversight findings occurred within past 2 years
 - c. 0 points = No oversight findings occurred in past 2 years

- 6) **What is the contractor's share of the local area's allocation?**
 - a. 10 points = Over \$15M
 - b. 8 points = \$8M - \$15M
 - c. 5 points = \$1M to \$7,999,999 M
 - d. 0 points = \$0 - \$999,999

Local Risk Assessment Protocol

Protocol: Based on the risk level identified, the risk assessment will be used to determine any measures needed to be taken to mitigate risk. The following control actions will be implemented based on the risk category.

High Risk: 35-50 Points

- Mandatory quarterly conference calls with NWSA Job Connect staff discussing factors affecting risk level
- If deemed necessary, a follow-up on-site monitoring review to be performed by NWSA Job Connect staff
- Mandatory participation in technical assistance training session(s) related to risk factors

Medium Risk: 21-34 Points

- Any corrective action activities implemented by NWSA Job Connect to reduce or minimize risk such as required pre-approvals and authorizations, reconciliations, submission of source documentation
- Mandatory participation in technical assistance training session(s) related to risk factors

Low Risk: 0-20 Points

- No additional actions required

NWSA Job Connect staff will provide technical assistance to contractors in enhancing program performance and accountability. If deficiencies or concerns have been identified, it will be necessary to work closely with the contractor in correcting these issues.

REFERENCES

WIOA Section 183
20 CFR 683.410
2 CFR Part 200

HISTORY

Name	Date	Rev Level	Description of change	Effective Date
Deb O'Neil	08/07/2014	A	Policy approved by new LWIB	
Deb O'Neil	01/16/2015	B	Policy changes per state corrective action	2/25/2015
Deb O'Neil	03/15/2017	C	Update language for WIOA	06/09/2017
Deb O'Neil	06/11/2018	D	Update language to align with state policy WSP No. 183-01	08/10/2018
Deb O'Neil	10/19/2020	E	Update scoring system for local risk assessment	09/10/2021
Susan Richmond	07/18/2022	F	Update scoring system based on monitor	09/09/2022

Susan Richmond	06/01/2023	G	Updating scoring system	07/14/2023
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