



Local Policies – Administration and Governance

Subrecipient Risk Assessment and Monitoring

Effective Date

4/7/2026

Purpose

The purpose of this policy is to establish a formal fiscal, programmatic, and organizational risk assessment and subrecipient monitoring framework for the Northeast Iowa Workforce Development Board (NEIWDB) to ensure appropriate oversight of Workforce Innovation and Opportunity Act (WIOA) funds and compliance with federal grant management requirements.

This policy ensures the NEIWDB identifies, analyzes, and responds to fiscal, programmatic, and operational risks associated with subrecipients administering WIOA funds.

This policy complies with:

- 2 CFR §200.303 – Internal Controls
- 2 CFR §200.332 – Requirements for Pass-Through Entities
- 2 CFR §200 Subpart F – Audit Requirements
- GAO Standards for Internal Control in the Federal Government (Green Book)
- Workforce Innovation and Opportunity Act (WIOA)

Scope

This policy applies to all subrecipients, contractors, and service providers receiving WIOA Title I funds through the Northeast Iowa Workforce Development Board.

It also applies to NEIWDB staff responsible for fiscal oversight, grant administration, monitoring, and contract management.

Definitions

Subrecipient

A non-federal entity that receives WIOA funds from the NEIWDB to carry out a program or project.

Risk Assessment

A systematic evaluation process used to identify and assess fiscal, programmatic, and organizational risks that may impact compliance, performance, or internal control effectiveness.



Local Policies – Administration and Governance

Monitoring

Oversight activities conducted by the NEIWDB to ensure compliance with federal regulations, grant requirements, and contract provisions.

Policy

Internal Control Framework

The Northeast Iowa LWDB maintains an internal control system consistent with **2 CFR §200.303** and GAO Internal Control Standards to ensure:

- Effective financial management
- Compliance with federal and state requirements
- Protection against fraud, waste, and abuse
- Accurate financial reporting
- Proper stewardship of federal funds

Internal controls include:

- Segregation of duties where feasible
- Documented approval and review of financial transactions
- Risk assessment procedures
- Fiscal and programmatic monitoring
- Audit verification
- Corrective action procedures
- Identification and mitigation of fraud risk

Financial records, including the general ledger, will be maintained and reviewed to ensure accuracy, completeness, and alignment with supporting documentation.

Risk Assessment Requirements

The NEIWDB will conduct a comprehensive risk assessment for each subrecipient prior to issuing a subaward and annually thereafter, in accordance with **2 CFR §200.332(c)**.

The assessment will include:

- Fiscal Risk Assessment
- Programmatic Risk Assessment



Local Policies – Administration and Governance

- Organizational and Operational Risk Assessment

Risk assessments will consider:

1. Prior experience administering WIOA or other federal funds
2. Results of prior audits and monitoring
3. Financial management systems and internal controls
4. Fiscal and program staffing capacity
5. Organizational stability and governance
6. Timeliness and accuracy of reporting
7. Performance outcomes and service delivery
8. Compliance with federal, state, and local policies
9. Fraud risk indicators and internal control weaknesses

The risk assessment process includes evaluation of fraud risk indicators and internal control weaknesses.

Timeliness of financial reporting, audit submission, and corrective actions will be monitored and considered within the risk assessment process.

Risk Assessment Tool and Methodology

The NEIWDB will utilize a standardized Subrecipient Risk Assessment Tool to evaluate risk.

- Each risk factor is scored on a scale of 1 (low risk) to 5 (high risk)
- Scores are summed to calculate total risk scores
- Risk levels are determined using total score ranges and/or percentage thresholds

If a category is not applicable, a score of 1 (low risk) will be assigned unless circumstances indicate increased risk.

Risk assessment results will be documented and retained in monitoring files. Risk assessment results will be used to determine the type, frequency, and intensity of subrecipient monitoring activities.

Roles and Responsibilities

The risk assessment will be completed by NEIWDB staff as follows:

- **Fiscal Risk Assessment:** Completed or reviewed by fiscal staff
- **Programmatic and Organizational Risk Assessment:** Completed by program or monitoring staff



Local Policies – Administration and Governance

The completed assessment will be:

- Reviewed for accuracy and completeness
- Approved by supervisory staff (e.g., Executive Director or designee)

Subrecipients may provide information but are not responsible for completing the assessment.

Risk Levels and Scoring

Fiscal Risk

Maximum Possible Score: 75

Score	Risk Level
0–25	Low Fiscal Risk
26–50	Moderate Fiscal Risk
51–75	High Fiscal Risk

Programmatic & Organizational Risk

Maximum Possible Score: 150

Score	Risk Level
0–50	Low Programmatic Risk
51–100	Moderate Programmatic Risk
101–150	High Programmatic Risk

Overall Risk Determination

The overall risk level is determined based on the combined assessment results.

- If either Fiscal or Programmatic Risk is High, the Overall Risk Level will be High



Local Policies – Administration and Governance

- Moderate + High = High
- Moderate + Moderate = Moderate
- Low + Low = Low

Monitoring Based on Risk Level

Monitoring activities will be tailored according to the assessed level of risk.

Low Risk

- Annual desk review
- Standard monitoring review
- Verification of audit submission

Moderate Risk

- Semi-annual desk reviews
- Annual monitoring visit
- Technical assistance as needed

High Risk

- Quarterly desk reviews
- Annual on-site monitoring visit
- Increased financial and program reporting
- Required corrective action plans
- Technical assistance
- Possible imposition of special conditions in accordance with 2 CFR §200.208

Subrecipient Monitoring Activities

The NEIWDB will monitor subrecipients to ensure compliance with 2 CFR §200.332(e).

Monitoring activities may include:

- Review of financial and program reports
- Review of supporting documentation
- Invoice and reimbursement review



Local Policies – Administration and Governance

- Desk reviews and on-site visits
- Technical assistance
- Follow-up on audit and monitoring findings

Monitoring results will be documented and communicated to the subrecipient. NEIWDB will ensure periodic review of financial transactions, including expenditures and bank reconciliations, to verify accuracy, allowability, and proper documentation.

Audit Verification

The NEIWDB will verify whether each subrecipient is subject to a Single Audit in accordance with 2 CFR 200 Subpart F.

Subrecipients must:

- Submit audit reports within required timelines
- Provide corrective action plans for findings

Audit results will be reviewed and incorporated into the risk assessment and monitoring plan.

Corrective Actions and Enforcement

If monitoring identifies noncompliance, the NEIWDB may require:

- Written corrective action plans
- Additional reporting requirements
- Technical assistance
- Increased monitoring
- Withholding of payments
- Contract modification or termination

Enforcement actions will follow 2 CFR §200.339.

Documentation and Record Retention

The NEIWDB will maintain documentation demonstrating:

- Completed risk assessments
- Monitoring plans tied to risk levels
- Verification of Single Audit status



Local Policies – Administration and Governance

- Monitoring reports and follow-up actions
- Evidence of internal control reviews
- Supporting documentation used to complete the risk assessment (e.g., audits, financial reports, monitoring results) will be retained as evidence of internal control execution.

All records will be retained in accordance with federal and state requirements.

Staff Training

NEIWDB fiscal and program staff will receive training on:

- Risk assessment procedures
- Federal grant management requirements
- Documentation standards
- Internal control practices

Training will occur annually or as needed.

Policy Review

This policy will be reviewed annually to ensure continued compliance with federal and state requirements.