



**COUNTY OF LOS ANGELES  
WORKFORCE DEVELOPMENT, AGING AND  
COMMUNITY SERVICES**



**CONTRACT COMPLIANCE DIRECTIVE**

DATE: December 13, 2019

NUMBER: CCD 19-1

## **MONITORING AND OVERSIGHT**

### **EXECUTIVE SUMMARY**

The purpose of this directive is to provide Subrecipients of the County of Los Angeles Workforce Development, Aging and Community Services (WDACS) with its policy regarding oversight of its subawards.

This Directive supersedes CD-15-11, dated August 25, 2015, "Monitoring and Oversight" and is effective on the date of release.

### **APPLICATION**

This directive applies to all WDACS Subrecipients.

### **REFERENCES**

- 2 CFR Chapter I and Chapter II, Parts 200, 215, 220, 225, and 230 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule

### **BACKGROUND**

On December 26, 2013, the Office of Management and Budget revised the Uniform Administrative Requirements for Federal grants, combining their requirements with those of the audit requirements and cost principles. These regulations are codified in 2 CFR Chapter I and Chapter II, Parts 200, 215, 220, 225, and 230, that became effective December 26, 2014, and are referred to as the Uniform Guidance. These rules contain the requirements that subrecipient institute and implement internal controls in the managing Federally funded subawards.

## DEFINITIONS

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Corrective action: means action taken by the auditee that:

- a. Corrects identified deficiencies;
- b. Produces recommended improvements; or
- c. Demonstrates that audit findings are either invalid or do not warrant auditee action (2 CFR 200.26).

Disallowed costs: means those charges to a Federal, State or County award that the Federal, State or County awarding agency or pass-through entity determines to be unallowable, in accordance with the applicable Federal, State or County statutes, regulations, or the terms and conditions of the Federal, State or County award (2 CFR 200.31).

Internal controls means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- a. Effectiveness and efficiency of operations;
- b. Reliability of reporting for internal and external use; and
- c. Compliance with applicable laws and regulations (2CFR 200.61).

Subaward: means an award provided by a pass-through entity to a Subrecipient for the Subrecipient to carry out part of a Federal, State or County award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal, State or County program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract (2 CFR 200.92).

Subrecipient: means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal, State or County awards directly from a Federal awarding agency (2 CFR 200.93).

## POLICY AND PROCEDURES

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Under the Uniform Guidance, WDACS is responsible for oversight of Federal award supported activities. The Uniform Guidance requires WDACS to monitor these activities to ensure compliance with applicable Federal requirements and that performance expectations are being achieved. Monitoring by the WDACS must cover each program, function and activity.

Oversight will be performed on an annual basis and will include both financial and programmatic activities. This process will verify that funds are being used for allowable and budgeted purposes, that applicable fiscal records are maintained and provide for an adequate audit trail.

Significant deficiencies in internal controls or failure to repay disallowed costs identified through this process may result in the imposition of sanctions or remedies.

## **ACTION**

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All WDACS Subrecipients must ensure that the requirements described herein are communicated throughout the operations, management and governance structure of their respective organization, and that this Directive is adhered to until further notice.

## **INQUIRIES**

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Inquiries regarding this directive and the policies and procedures described herein should be directed to Stephanie Maxberry at [smaxberry@wdacs.lacounty.gov](mailto:smaxberry@wdacs.lacounty.gov) or Syed Uraizee at [suraizee@wdacs.lacounty.gov](mailto:suraizee@wdacs.lacounty.gov)



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