

COWIB Contract Review Policy

To Be Incorporated into the local Procurement & Contract Policy

(Approved by the COWIB – April 20, 2005)

(Approved by the LEO Board – April 22, 2005)

April, 2005

Purpose: To require that a pre-award financial review and/or an on-site post-award monitoring review shall be conducted within 120 days after the award of a contract to a service provider or other subrecipient that has little or no prior workforce program experience.

Background: On April 4, 2005, the Oklahoma Employment Security Commission (OESC) published two new policies with implications for local workforce investment boards—

- (1) “High Risk Policy” (OETI #5-2005). This new State Policy describes the criteria that the OESC uses to make a determination as to whether a sub-grantee is in a “high risk” classification pursuant to the federal regulations at 29 CFR 97.12.
- (2) “Grant Review Policy” (OETI #6-2005). This new State Policy describes how the OESC employs a grant review system to identify “high risk” grantees. The new State Policy requires local grant recipients (such as local workforce investment boards) to implement a similar system to effectively review higher risk subrecipients including all new subrecipients.

Local Policy: The following text will be added to the COWIB’s Procurement and Contracting Policy as a new Section VII (immediately following Section VI, “Documentation”). Portions of the Procurement and Contracting Policy will be re-numbered as appropriate.

“VII. Pre-Award Financial Review.

“Upon the completion of the selection and documentation process, the GR/FA will make a determination as to whether a Pre-Award Financial Review should be completed.

“A Pre-Award Financial Review will be required when the procurement action will result in the award of funds to:

- (1) A new subrecipient (i.e., one that has not previously had a contract with the GR/FA); or**
- (2) A subrecipient that has been previously determined to be in a “High Risk” status.**

“The purpose of the Pre-Award Financial Review will be to consider what, if any, special conditions or restrictions should be placed on the subrecipient.

“Determining ‘High Risk’ Status.

“The GR/FA will make this determination based on the following criteria:

- **Is proper documentation available to verify that the grantee is financially solvent?**
- **Does the grantee maintain an adequate financial management system in accordance with 29 CFR 95 and 29 CFR 97? and**
- **Is there a current cost allocation plan that meets the requirements of the OMB circulars?**

“A subrecipient may be considered ‘high risk’ if the GR/FA finds that it:

- **Has a history of unsatisfactory performance, or**
- **Is not financially stable, or**
- **Has a management system which does not meet the management standards set forth in 29 CFR 95 or 29 CFR 97, or**
- **Has not conformed to terms and conditions of previous awards, or**
- **Is otherwise not responsible; and if the awarding agency determines that an award will be made, special conditions and/or restrictions shall correspond to the high-risk condition and shall be included in the award.**

“If the GR/FA determines that a selected subrecipient falls into a ‘high risk’ classification, then the GR/FA will consider whether any special conditions or restrictions should be placed on the subrecipient.

“Special conditions or restrictions may include:

- **Payment on a reimbursement basis,**
- **Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given funding period,**
- **Requiring additional and/or more detailed financial reports,**
- **Additional project monitoring,**
- **Requiring the grantee or sub-grantee to obtain technical or management assistance, or**
- **Establishing additional prior approvals.**

“If the GR/FA decides to impose such conditions, the awarding official will notify the subrecipient as early as possible, in writing, of:

- **The nature of the special conditions / restrictions,**
- **The reason(s) for imposing them,**

- **The corrective actions which must be taken before they will be removed and the time allowed for completing the corrective actions, and**
- **The method of requesting reconsideration of the conditions / restrictions imposed.**
- **Once the subrecipient has proven, for one entire program year, its ability to meet the expectations of the awarding agency, the subrecipient will no longer be considered ‘high risk.’**

“The pre-award review will be conducted as soon as possible after the selection of the subrecipient has been made.

“In exceptional circumstances (as determined by the COWIB’s Chief Executive Officer and/or the Chair of the Board of Local Elected Officials), the pre-award review may be postponed until after the award of a contract to the subrecipient. In such a case, the pre-award review will be replaced by an on-site post-award monitoring review to be conducted within 120 days after the award of the contract.”

This revision to will serve to align the COWIB’s Procurement and Contracting Policy to meet the requirements of State Policy as provided in OETI #05-2005 and OETI #06-2005.

Questions / Interpretations: Questions about this local policy may be addressed to Eddie Foreman, Chief Executive Officer.