
The True Value of Independent Monitoring

By Dalton Hall and Terry Miller



Independence is often taken for granted. When it comes to on-the-job behaviors, many people are influenced by seen and unseen forces—by habit, routine, and bureaucracy, as well as personal interactions. At the same time, organizational protocols can be cumbersome, outdated, and even counterproductive. That is why it's always good to get an outside opinion from an informed, neutral party.

In the world of Workforce Development, independent monitors serve this very purpose. The authors of the Workforce Investment Act (WIA) envisioned a system that strives for high performance instead of mere compliance. Monitoring is essential to the continuous improvement process and should not only be designed to measure program compliance and progress, but also encourage corrective action and foster solutions. Independent monitoring—in contrast to procedures conducted internally—provides an unbiased, outside perspective.

In accounting terms, the word “independence” refers to a certain type of mental attitude. According to the American Institute of Certified Public Accountants (AICPA), accounting professionals “should maintain the intellectual honesty and impartiality necessary to reach an unbiased conclusion.” When organizations solicit CPA services, they are acknowledging the true value of independence.

The value is even greater for non-profit organizations, which studies have shown represent 14% of all fraud reports and a disproportionate level of employee fraud. According to a recent report by the Association of Certified Fraud Examiners, these statistics are attributed to constrained staff levels, elevated levels of employee trust, and lack of supervision by largely volunteer board members.

“Many people tend to perform tasks on a routine basis without questioning the processes in place,” says Jason Parker at Taylor, Lombardi, Hall & Wydra, an Orlando-based CPA firm specializing in monitoring of federally funded non-profit agencies. “At the same time, they have to adapt those processes to changing state and federal legislation and reforms, as well as grant and program regulations.”

An independent professional can provide such organizations with the perspective required to swiftly assess fiscal controls and, perhaps more importantly, enhance overall performance. Furthermore, utilizing qualified certified public accountants ensures the knowledge required to detect and properly address fiscal deficiencies, as well as understand internal controls. Proper internal controls can assist in detecting fraud or abuse, in addition to assisting management in meeting objectives. A review of such internal controls can be performed in tandem with financial monitoring procedures.

Fiscal Focus

With so much at stake, this type of unbiased and professional outside opinion can be invaluable—particularly in the world of Workforce Development. Today's Workforce Boards must operate within constantly changing parameters—defined by adjustments to federal legislation, statewide reforms, and any number of specialized funding streams. Therefore, it's essential to regularly implement effective policies and procedures to support both fiscal and programmatic activities.



Independent monitors can help ensure that an agency's policies and procedures are structured to achieve maximum impact. Through the use of agreed-upon data-collection procedures, they are able to identify both fiscal and process problems, and make recommendations for correcting and/or improving future practices all in a minimum amount of time.

For example, a review of payment requests does more than assess mathematical accuracy. Such a review can also provide an opportunity to identify problems in areas such as budgeting, cost allocation, and supporting documentation, among other things. By collecting and reviewing specific sets of data, independent monitors are able to identify and correct not only deficiencies, but also a variety of structural and/or policy weaknesses.

"Our Board relies on outside reviews and finds them particularly helpful in identifying opportunities for improving processes and performance, and for ensuring compliance with federal and state regulations," says Bryan Stone, Vice President Policy and Programs for WorkSource, the regional Workforce Development agency based in Jacksonville, Florida.

Seeking Independence

When selecting an outside monitoring firm, it's important to remember that professional independence is grounded in intellectual honesty, which the AICPA views as "a cornerstone of the attest function." Therefore, potential monitors should be carefully reviewed to establish competency with the related issues, regulations and legislation—as well as with any particular circumstances involved.

For example, workforce development organizations should seek outside monitors with broad, comprehensive knowledge gained through extensive work with similar organizations. An independent monitor with comprehensive knowledge of workforce development brings a breadth of experience to each task. By working with similar organizations operating under the same legislative and funding guidelines, the monitor is more likely to "hit the ground running"—by applying knowledge gained in the field to your agency's specific needs and goals.

With so many day-to-day challenges confronting Workforce Boards, including staffing constrictions, it is increasingly difficult for internal monitoring staff to possess the wide array of knowledge, both fiscal and programmatic, required to perform compliance monitoring reviews. By contrast, independent monitors can swiftly identify critical program issues and then employ customized review tools that will help maximize results.

Professional monitors with experience in workforce development programs are able to conduct monitoring engagements that offer maximum benefits.

Taylor, Lombardi, Hall & Wydra, P.A., is a firm of independent Certified Public Accountants, located in the Orlando-area. For the past 15 years, TLHW has provided monitoring, continuous improvement, and technical assistance services to Workforce Boards and non-profit organizations—including conducting various process reviews for Workforce Boards. For more information about TLHW, please contact us at (407) 539-2066 or visit www.tlh-cpa.com. ■