**PODCAST: The 4Cs of a Monitoring Report –**

**Condition, Cause, Criteria and Corrective Action**

**Transcript**

**Jeffrey Gabriel:** Hello, I’m Jeffrey Gabriel from ETA Region 2 Philadelphia and I would like to welcome you to this Podcast on the 4Cs of a monitoring report- Condition, Cause, Criteria and Corrective Action. This podcast is one session in a series of ETA monitoring training sessions. The training series is a direct response to feedback ETA received from many of its states about how to improve the effectiveness of their monitoring efforts and overcome challenges they are facing when monitoring their sub-recipients. The series is designed as a combination of pre-recorded and live sessions. In addition to this session, there are pre-recorded webinar sessions on the following topics:

* 1. An overview of the monitoring framework
	2. Preparation and Planning for Monitoring
	3. Conducting Participant File Reviews, and
	4. a podcast on the Importance of Monitoring for Governance

Additionally, there are four live webinars in the series:

* 1. Communication with sub-recipients;
	2. Digging deeper into entrance meetings and conducting Interviews
	3. Wrapping up the monitoring. and
	4. A deep dive into the 4Cs

Today, I have the honor of introducing an awesome conversation between Rebecca Sarmiento, Chief of the Division of Workforce Investment in the Employment and Training Administration’s Dallas Regional Office, and Frank Stluka, Workforce Development Director of the Office of State Systems for ETA’s Dallas and San Francisco Regional Offices. Collectively they have over 40 years’ experience conducting and managing monitoring of workforce development programs.

Rebecca and Frank will tell us why they think the 4 Cs are important, and how using the four Cs has improved the monitoring they and their staff conduct, and helped them to issue monitoring reports that are clear and useful to the managers of the program they monitored.

And the release of this podcast will be followed by a webinar that will drill down into the nuts and bolts of how to use the four Cs approach to monitoring and writing monitoring reports. That will be on June 23rd.

Frank and Rebecca, please share your thoughts with us.

**Frank Stluka:** Thank you, Jeff. And thanks, Rebecca, for agreeing to have this conversation with me and share it publicly in this podcast. I have long enjoyed working with you and it is has been a privilege to see the quality of monitoring improve over the years, along with the clarity and usefulness of the monitoring reports you and your staff write. I think a lot of that is because of our focus on the four Cs: condition, criteria, cause and corrective action. But in order to tell you how the 4 Cs have improved our work, we need to tell you a little more about what they are. The webinar on June 23 will get into real depth on how to apply them, so, Rebecca, let’s focus on of what the four Cs are and why we use them. Can you start us off with the first C?

**Rebecca Sarmiento:**  Sure, I’d be glad to, Frank. I’ll start by saying that I agree…focusing on the four Cs has made our reviews, whether they are on-site or virtual, and reports more effective. Our reports are clear, concise, and accurate, but more importantly, we’ve heard from states and discretionary grantees that they use our reports to target TA efforts with their staff, local boards, and service provides, as appropriate.

When we issue findings in our reports, states and grantees need to know four things: They need to know what we found as non-compliant with the law, regulations, or program requirements; Second, they need to know specifically what law, regulation, or program requirement is not in compliance; Third, they need to know what caused the problem; and finally, they need to know what they must do to fix the problem, so that they are in compliance, AND more importantly, do so in a way that will endure, so that the problem doesn’t resurface.

It’s a fact, Frank, the four Cs informs our states and discretionary grantees of these four things.

**Frank:** That’s right, Rebecca. So let’s start with the first C, CONDITION. The condition tells the grantee what the monitors observed that was wrong. It is a clear statement of what was not as it was required to be. A condition is a specific problem or violation. It is an observed fact. In monitoring reports, conditions often describe the quality of what the grantee has done or not done. So it could be a statement like, “The grantee did not document the need for 12 of the 100 expenditures reviewed, so it is not clear that the expenditures were necessary for accomplishing the purposes of the grant.” And that statement would be followed by more specific information identifying those expenditures.

**Rebecca:** Yes, and by focusing on the condition, it helps the FPOs in my unit to stick to the facts, and clearly identify and write the problems they observed.

**Frank:** I agree -- and I see it in your team’s monitoring reports. You have worked hard to emphasize the importance of a clearly-stated CONDITION, and they have gotten better at sticking to the observed and documented facts -- and clearly identifying them at the start of a finding. And that leads right to the second C, CRITERIA.

**Rebecca:** Exactly, CRITERIA, which is probably my favorite because it keeps law and order in our programs, are the standards or legal requirements that the condition violates. It informs the grantee the second thing that they probably want to know: specifically what law, regulation, or program requirement did they violate. So, if the condition is “The grantee did not document its expenditures – it is not clear that these expenditures were necessary, reasonable, and allocable,” then we have two criteria:

The first criterion would be the citation from the Uniform Guidance that all grant expenditures must be necessary, reasonable, and allocable to accomplish the purposes of the grant. The second criterion would be the citation that requires the need to document expenditures.

**Frank:** I agree, Rebecca -- and I will add that focusing on the criteria ensures we avoid findings that are not actually violations of specific requirements. Clearly stating the criteria right after the condition in the monitoring report makes it obvious that the condition is, in fact, a violation.

It is like saying: Bill did not pay taxes. Then saying: Federal law requires Bill to pay taxes.

Having these two statements right next to each other makes it excruciatingly obvious that Bill is out of compliance with federal law.

**Rebecca:**  That’s right, if we don’t have a clear criterion, and a condition that clearly violates the criterion, we don’t have a finding.

Another benefit of writing the criteria in the monitoring report…we used to occasionally get responses to our reports that argued that the finding wasn’t a violation of anything. Our focus on clearly stating the condition and following that immediately with the criteria has made it clearer, and easier, for our grantees to understand how and why they’re out of compliance, and we’ve received fewer of those argumentative responses.

It’s been my experience that…as FPOs continue to use and understand the 4 C’s, our reports, collectively as an agency, will become more clear, concise, and accurate.

**Frank:**  Yes, those argumentative responses have almost completely stopped, and I think you are right that it is because of the first two Cs, condition and criteria. They help ensure we don’t issue reports with findings that are not violations of requirements. And they make it clearer to the grantee when they are, in fact, out of compliance.

Now, let’s move on to the third C, CAUSE. Cause tells the grantee the third thing they need to know if they have a finding: what caused the problem. Cause is a statement of why the condition occurred. It is also the thing that needs to be fixed in order to make sure that the condition does not reappear after the finding is resolved. It is usually harder to identify than condition, but it is so important. If the grantee does not know and fix what caused the condition, they can fix the condition, and have it reappear in the future.

**Rebecca:** I agree. And, I’ve heard from FPOs that they know they have to write the “why” of a finding – why was the state or grantee out of compliance? Was it lack of policies, or lack of staff training? The “why” is the cause of the finding in the report. When you keep asking “why,” it helps you focus and identify the root cause. And identifying the root cause makes the fourth C – the CORRECTIVE ACTION – much more effective.

**Frank:** Right, the fourth C is CORRECTIVE ACTION. A corrective action tells the grantee the fourth thing they want to know, and that iswhat they need to do to come back into compliance -- and do so in a way that will endure, so the problem won’t come back to haunt them.

We used to close out a lot of findings when our grantees performed a required action that fixed only the condition. Then, we would be frustrated the next time we monitored that grantee, because they often had the same finding again. Now that we focus on cause, and write corrective actions that fix the condition, and eliminate its cause, the finding usually does not reappear. In addition to avoiding future noncompliance, this makes our jobs more gratifying by reducing the number of times we are frustrated by seeing the same finding the next time we monitor that grantee.

**Rebecca:** Yes, we still have some work to do to get it right all of the time, but when we put in the effort to get the cause and corrective action right, it makes our work easier and more gratifying in the long run.

**Frank:** Yes, that is a gratifying feeling, isn’t it, when your work fixes something and it stays fixed?

I think we have accomplished our purpose today. We have identified **what** the four C’s are and discussed that they are important because they help us in several ways:

Using the four Cs means we are telling our grantees the four things they need to know when they are out of compliance. And it means we are doing so in a clear way; The condition helps us stick to the facts, and clearly identify and communicate what was observed; Criteria help us avoid incorrectly identifying something as a finding, when we do not have a legal basis for doing so; Positioning clearly written conditions and criteria adjacent to each other in the report helps our grantees accept the finding as legitimate; Cause helps keep our staff focused on the right things while monitoring; It also helps us identify the right corrective action; Corrective actions help our grantees resolve findings in a way that avoids having them reappear in the future; And together, the 4 Cs improve our relationships with our grantees, because they: respect us more when we are accurate and clear in our reports, when our reports help them permanently fix real problems. And we, and I think our grantees, experience less frustration in the process.

Before we conclude, we should throw in a bonus, an additional C that we have been applying in our regional office’s monitoring reports. We use it in findings and areas of concern -- and that is really important for areas of concern, since we cannot require the grantee to implement the recommended action and we have to convince them it is the right thing to do. That fifth C is CONSEQUENCE.

**Rebecca:** Yes, CONSEQUENCE is a statement of the effect that the condition has on program effectiveness or efficiency. We strive to have our reports, not only include what is required, but also emphasize the importance to improve the effectiveness or efficiency of a program. We want the state or discretionary grantee, that read our reports, to know that the corrective action will not only bring them into compliance with a requirement, but it’ll also make their jobs more productive.

Going back to the example we used earlier, if the condition is that the grantee didn’t document the need for certain expenditures, then the consequence might be that they’re spending funds on items or activities that *aren’t* needed, which may be questioned, and they might be diverting funds from items or activities that *are* needed. So, if they implement the corrective action, they may have more resources available for what they really need. Addressing the consequence of a finding may help to get buy-in on the corrective action and help ensure it is implemented.

**Frank:** Thanks, Rebecca. And about getting buy in with the fifth C, I **see** your point.

**Rebecca:** And I see what you did there, Frank, with that clever pun. Should we make CLEVER the sixth C?

**Jeff:** Well, thank you Rebecca and Frank. I think you were right that you accomplished your objectives, so let me wrap this up with a quick summary: The four Cs are condition, criteria, cause, and corrective action. By emphasizing the four Cs with your staff, you have significantly increased the quality and effectiveness of your monitoring. And you have improved relationships with grantees, reduced some of the frustration you and your staff experienced in the past, and even made the job a little easier in the long run, and more gratifying.

I certainly hope our audience will join the webinar on June 23 that will dig into **how** to apply the four Cs so that they can reap these benefits as well. Enjoy the rest of your day, everyone!