



DEBT COLLECTION

PURPOSE

It is the policy of the Workforce Alliance of the North Bay (Alliance) to govern its debt collection activities for Workforce Innovation and Opportunity Act (WIOA) funds in accordance with federal law and state direction.

SCOPE

Workforce Alliance of the North Bay and contracted Subrecipients

RESPONSIBLE PARTY

Workforce Alliance of the North Bay
Regional Workforce Development Board

REFERENCES

- Workforce Innovation and Opportunity Act, Section 184, Fiscal Controls; Sanctions.
- Employment Development Department, Workforce Investment Act Directive WIAD01-5, Debt Collection

DEFINITIONS

Final Debt – the dollar amount owed by a subrecipient to repay the Alliance based on the final determination if an appeal is not filed, or the amount owed after a decision has been ruled on in response to an appeal process.

Final Determination – for this policy, the definition is in regard to the responsibility of the Workforce Alliance of the North Bay (Alliance), to make decisions to disallow costs charged by subrecipients, when and if those costs have been incurred fraudulently, with malfeasance, as the result of any misapplication of funds, or other serious violation or illegal act(s). All determinations of debt made by the Alliance will be either supported by evidence, gathered by the Alliance in due course of ordinary and/or focused reviews, or not be supported by the subrecipient because of the lack of evidence and documentation that must attribute legitimacy to such charges.

Subrecipient – for this policy, means a recipient that does not receive Workforce Innovation and Opportunity Act funds directly from the State, but rather through the Alliance, primarily service providers.

Stand-In Cost - legitimate program costs, that were not claimed for reimbursement, but reported to the Alliance by the subrecipient.

POLICY

- I. Liability of Subrecipient

Workforce Alliance of the North Bay is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.

- A. The liability to repay Final Determination debts rests with the subrecipient who charged the amount, and who is responsible for any and all reasons that the disallowed cost failed to meet the criteria set forth in Section 184 of the Workforce Innovation and Opportunity Act (WIOA), including costs questioned in an audit, a monitoring finding, an investigation or other means.
- B. A written notification to the subrecipient, with a copy to the Employment Development Department (EDD) will be sent within one week of the discovery of disallowed cost. As a general rule, the subrecipient will have been informed of the issues surrounding the questioned cost, be working with Alliance to fact find, and have been briefed on the Alliance's intention as the review unfolds. The written notification is the formal culmination of the Alliance's efforts.

The notice will include:

- 1. Notification of the amount in question.
 - 2. Notification of appeal rights under the County of Marin (current legal services contractor) grievance procedures.
 - 3. Notification of a timeline for when steps must be completed and when repayment is required.
 - 4. Notification of possible sanctions if the debt is not repaid.
 - 5. Notification of options available, if any, for an alternative plan of repayment. Typically, repayment will be made by cash payment from a nonfederal fund source.
 - a. If a subrecipient has incurred other legitimate program costs, that were not claimed for reimbursement, but reported to the Alliance as a stand-in cost, those stand-in costs may be considered to cover disallowed costs.
 - 6. If a method of payment other than cash has been negotiated, terms of that alternative method will be so indicated. This negotiation process will have been approved by EDD and/or the written notification will indicate the alternative method is in process of EDD approval. The Alliance will not authorize alternative methods (other than stand-in cost swap outs).
- C. Establishment of a Debt
 - 1. After the time allowed for appeals has lapsed or after a decision that an established debt is due following an appeal, a written notification will be issued to the subrecipient establishing a final debt. The notice will include:
 - a) An invoice issued by the Workforce Alliance of the North Bay
 - b) Notification of the date the debt will be considered delinquent
 - c) Whether or not interest will be charged on the debt and at what rate
 - d) Possible sanctions if the debt is not paid
 - e) A statement that the final decision of the Workforce Alliance of the North Bay is subject to review by the State and by Department of Labor (DOL)
 - D. Delinquent Notices



1. 30-day, 60-day, and 90-day notices will be sent to the subrecipient if payment has not been received or a satisfactory alternative repayment plan has not been negotiated.
2. If the Alliance has established a final debt against a subrecipient and the subrecipient has not paid the final debt or has not established a payment plan agreed to by EDD within 30-calendar days after the debt is established as final, the subrecipient shall be barred from receiving WIOA funds in the future from either the Alliance.
 - a) This translates to the subrecipient needing to terminate its role in program activity, because any costs incurred will not be honored for payment by the Alliance.

E. Methods of Collection

1. If the debt is still outstanding after 90 days, a determination will be made by the Alliance to use another method of collection. In making this determination, consideration will be given to the following factors;
 - a) The amount of the debt
 - b) Cost of further debt collection
 - c) The amount collected to date
 - d) The probable success of pursuing further action to collect the debt
2. Final debts incurred directly by the Alliance or its subrecipients which are not paid within 30 calendar days of their alternative payment due date(s) will become the liability of the Alliance.

F. Methods of Repayment

1. All funds remitted to the alliance to cover disallowed cost will be returned to the Employment Development Department immediately upon receipt. Repayment must be made from non-federal funds.
2. Settlement of such debts on a no cash basis will be the exception. Any forms of repayment other than cash will be submitted by the Alliance to EDD for approval before approval is granted to the subrecipient. Other options include:
 - a) Voluntary Restitution
 - (1) Single Cash Payment: Generally, cash payments will be made in a lump sum.
 - (2) Installed Cash Repayments: Use of cash installment repayments is rare and used as a last resort in instances when debt collection efforts are impeded by an inability to pay the full debt amount in a lump sum. Installment repayment agreements will usually be of short duration from three to a maximum of 12 months with the duration to be negotiated based on the size of the debt and debtor's ability to pay. Installment repayment agreements must be approved by the Employment Development Department.

G. Accounts Receivable System

1. An accounts receivable system will be maintained by the Alliance.
2. When a debt is identified, it will be logged in the Debt Collections tracking system maintained by the Alliance.



3. When collections or offsets are received against the debt, they will be logged into the Debt Collections system.
 4. This tracking system will constitute a permanent record by the Alliance.
- H. Discharge from Accountability Request
1. If the Alliance is satisfied that the subrecipient has taken all reasonable steps to resolve the issue and cannot collect the debt, the Alliance will request discharge from accountability from the EDD in accordance with the State of California Workforce Innovation and Opportunity Act Directive WIAD01-5.
 2. An approved discharge from accountability does not release any firm, person, or corporation from any money which is due and owed to the State.
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POLICY UPDATE HISTORY

April 10, 2019 – New Policy

INQUIRIES

Questions regarding this policy can be sent to the Fiscal Officer of the Workforce Alliance of the North Bay.

