



SUBRECIPIENT AUDIT RESOLUTION

PURPOSE

The Workforce Innovation and Opportunity Act (WIOA) requires the Workforce Alliance of the North Bay (Alliance) to perform monitoring of subrecipients.

SCOPE

This policy provides guidance on the Workforce Alliance of the North Bay's audit resolution process for contracted subrecipients.

RESPONSIBLE PARTY

Workforce Alliance of the North Bay

Regional Workforce Development Board

REFERENCES

- OMB Uniform Guidance, Subpart F - Audit Requirements

DOCUMENTS

- Control Log

DEFINITIONS

Initial Determination - is an awarding agency's preliminary decision to disallow the cost and/or comment on the status of non-monetary findings.

Non-Monetary Finding - administrative finding that expose program operations to ineffective, inefficient, excessive or lacking program coverage, inadvertent loss of resources, or non-program required outcomes.

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. Standards for Subrecipient Audit Resolution
 - A. All subrecipients of Workforce Alliance of the North Bay must provide a copy of their completed Single Audit no more than 30 days after signature.
 - B. Workforce Alliance of the North Bay must:
 1. Review the audit report of lower tier subrecipients to ensure compliance with the requirements of OMB Uniform Guidance, Subpart F – Audit Requirements.

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

2. Establish an audit resolution file to document the disposition of reported questioned costs and corrective actions taken for all findings.
 3. Complete a Control Log when relevant to subrecipient contract with the Alliance. The log must contain the following:
 - a) The date of the audit.
 - b) The period covered by the audit.
 - c) The date that the audit was received.
 - d) The auditor.
 - e) The questioned costs.
 - f) The administrative findings.
 - g) The date or dates of the Initial and Final Determinations.
 - h) Documentation of decisions regarding the disallowed costs and administrative findings.
 - i) The Control Log is found on the Alliance electronic file system.
 4. During the Alliance's informal resolution process, the subrecipient may submit documentation to support allowability of costs and proposed corrective action of administrative findings. Informal resolution discussions will be conducted in person, but may be held by telephone, if necessary. When a meeting is held, a sign-in sheet will be provided. The sign-in sheet must be retained as part of the file. The meeting must be documented by either a voice recording or written notes. Negotiation of repayments can be initiated at this time.
 5. Issue a written final determination when necessary. The final determination includes:
 - a) Reference of the initial determination.
 - b) Summation of the information resolution meeting if held.
 - c) Decisions regarding the disallowed costs, listing each disallowed cost and noting the reasons for each disallowance.
 - d) Questioned costs that have been allowed by the awarding agency and the basis for the allowance. Generally, this will be a notification that the Alliance has accepted subsequent documentation or reasons why cost is allowable.
 - e) Demand for repayment of the disallowed costs.
 - f) Description of the debt collection process and other sanctions that may be imposed if payment is not received.
 - g) Rights to a hearing.
 - h) The status of each administrative finding.
- C. The resolution process for issues arising from subrecipient audits must be completed within six months after receipt of the subrecipient's audit report and must ensure that the subrecipient takes appropriate and timely corrective action.
- D. The audit file must be assembled for ease of reference in the event of future action. The file must be tabulated with the most current documentation first. The file should include the following:



1. Final determination and proof of receipt by the subrecipient.
 2. Additional documentation submitted as part of the informal resolution process:
 - a) Notes related to the information resolution.
 - b) Sign-in sheets for any information resolution meetings.
 3. Initial determination and proof of receipt by the subrecipient.
 4. Response to the final audit report.
 5. The final audit report.
- E. The Alliance will adopt local-level hearing procedures, as in place with the County of Marin (current legal services contractor).
1. The Alliance reserves the right to overturn a hearing officer's decision where it is determined to not comply with the Workforce Innovation and Opportunity Act or Regulations. This action will be used when and if EDD requires the decision be changed.
 2. The hearing will allow both parties the right to present either written or oral testimony, call and question witnesses in support of their position, present oral and written arguments, examine the records and documents relevant to the issues, to be represented.
 3. The hearing shall be recorded mechanically or by court reporter.
 4. The service provider has 30 calendar days after the final determination is issued to submit a written request for a hearing. At least ten calendar days before the hearing, written notice of the date and site of the hearing must be provided to the auditee.
 5. The ten-day notice may be shortened with the written consent of both parties.
 6. The subrecipient may withdraw the hearing request; the withdrawal request must be in writing.
 7. The hearing officer must issue a decision within 60 days of the request filing date.
- F. If the subrecipient appeals the decision of Alliance's hearing officer to the state, the Alliance will send EDD the case files for review. EDD will provide a determination based on the evidence without consideration of any imposed sanction.
- G. The Alliance shall ensure correction of any unresolved administrative findings. The Alliance must determine the status of the unresolved administrative findings through its monitoring process and determine that appropriate corrective action has been taken or is planned. A copy of the monitoring report substantiating the implantation of the appropriate corrective action must be on file.

II. State Hearings

- A. All auditees have the right to request a state level hearing. All requests for hearings, including amendments shall be in writing.
1. Requests for a hearing must be made within 15 days from the date of the final determination or the decision of the local hearing officer.
 2. All auditees have the right to withdraw their request for a state level hearing but must do so in writing.



- B. The state hearing officer will provide written notice to the concerned parties of the date, time, and place of the hearing at least ten calendar days before the scheduled hearing.
 - 1. Both parties will have the opportunity to: present oral and written testimony; call and question witnesses in support of their position; present oral and written arguments; examine records and documents relevant to the issue(s); and be represented.
 - 2. The state hearing officer will prepare a proposed decision and submit it to the Employment Development Department Director or designee.
 - 3. The Employment Development Department reserves the right to overturn the decision of the hearing officer.

III. Stand-In Costs

- A. During the audit resolution process, an auditee may propose the use of stand-in costs to substitute for the disallowed costs.
 - 1. To be considered, stand-in costs must be incurred for allowable WIOA costs that were reported as uncharged WIOA program costs, included within the scope of the audit, and accounted for in the auditee's financial system.
 - 2. The stand-in cost must have been expended in support of the same title and within the program years of availability of the award as the costs they proposed to replace, and the costs must not cause a violation of the cost limitation.
 - 3. Stand-in costs must be actual expenses paid with non-federal funds. Cash match in excess of the required match may also be considered for use as a stand-in cost.
 - 4. The proposed stand-in costs must have been reported on the WIOA Summary of Expenditures and must be included within the scope of the audit.

POLICY UPDATE HISTORY

April 10, 2019 – New Policy

INQUIRIES

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

