



Workforce Southwest Washington Workforce Innovation and Opportunity Act Policies and Procedures

DEBT COLLECTION POLICY POLICY # 1002 Rev 1

Date of Original Policy: 12/1/2003
Effective Revision Date: 7/27/2016

BACKGROUND

The Workforce Innovation and Opportunity Act (WIOA), requires that states establish fiscal controls. Among the required controls specified in [Final Rule 20 CFR 683.420\(a\)\(i\)](#) is a process for debt collection. Additional information on appeals, waivers and offsets is contained in the Department of Labor, One-Stop Comprehensive Financial Management Technical Assistance Guide, Part II, Chapter II-13- Disposition of Disallowed Costs and Washington State Policy 5265. This policy is being revised based upon recommendations of the United States Department of Labor and Washington State Employment Security Department.

POLICY

This policy applies to the debts owed based on the State or LWDB's final decision or, if applicable, the decision issued on an appeal. Also included in final debts are funds due from incidents of fraud or other serious violations.

This policy is adopted by Local Workforce Development Board (LWDB) number 7, herein referred to as WSW, located at 805 Broadway Street, Ste. 412, Vancouver, WA 98660 in response to the above requirement and at the request that Local Workforce Development Boards be responsible for their subrecipients' audit resolution proceedings and debt action.

A subrecipient debt is established when local WSW personnel judge a previously reimbursed expense to be unreasonable or unallowable in accordance with applicable DOL, [OMB 2 CFR Part 200](#) and/or [WIOA Title IB](#) requirements and guidelines, as a result of fiscal or performance monitoring or in the normal course of project management.

The subrecipient must be notified in writing of such a finding by return receipt mail, addressed to the contact person designated as such on the original subcontract. This document will include the finding, the required repayment and finance charges, along with a description of appeal procedures and finance charges, as well as possible sanctions in cases of delinquency or unresponsiveness.

The subrecipient must respond within thirty days of the first notice with immediate payment plan, to be approved by designated WSW staff. If no response is received after two subsequent notices sent a minimum of 30 days apart, or if planned payments are not forthcoming in the stated time frame, the debt will be judged to be delinquent and penalty and/or late fees will apply at current federal rates.

The subrecipient will have the ability to appeal the finding to the current Chief Executive Officer of WSW. Any dispute concerning a question of fact arising under this contract which is not disposed of shall be decided after hearing by the WSW's Chief Executive Officer, who shall provide a decision in writing and furnish a copy thereof to the subrecipient. The Chief Executive Officer's decision shall be final and binding.

Unless other arrangements were documented and approved by Employment Security Department, herein referred to as ESD, the local board, and as appropriate, non-vendor entities providing contracted services, all WIOA debts must be paid within 30 calendar days of the date on which the debt was established as final. When the debtor is unable to make restitution in full, an installment repayment agreement may be negotiated. Installment repayment will be of short duration, from 3 to 12 months, with a maximum of 36 months. The length of the repayment agreement will be negotiated based on the size of the debt and the debtor's ability to pay. ESD must approve all installment repayment agreements.

Each recipient of WIOA funds shall be liable to repay amounts found not to have been expended in accordance with the Workforce Innovation and Opportunity Act with non-federal funds.

Funds collected by local WSW in settlement of debts resulting from fraud, malfeasance, misapplication of funds or other serious violations or illegal acts must be clearly identified as, "Debts Collected", and sent immediately on their receipt to:

Darrell Stoa, Funds Manager
Financial and Administrative Services Division
Employment Security Department
P.O. Box 9046
Olympia, Washington 98507-9046

Check will be payable to the Employment Security Department.

WSW will maintain debt collection related records permanently. Records will support the decisions taken concerning cost allowability and document rationale as well as actions implemented with respect to debt collection, restoration or other debt resolution activities.

When the debt was not a result of fraud, malfeasance, misapplication of funds or other serious violations or illegal acts, the cash repayment of the disallowance is a credit to the title and year to which it was originally charged. The credit reduces the expenditures of the period of the cost that was refunded. If the year of allocation is still open, local areas may expend the funds within the cost limits. Cash payments received after the fund availability period must be remitted to ESD at the address above.

REFERENCES

All fiscal policies and guidance letters published for WIOA are governed, as appropriate, under:

- [Public Law 113-128, Section 184](#)
- [Final Rules 20 CFR Sections 683.410\(a\) and 683.420\(a\)\(i\) and 683.750](#)

- [2 CFR Part 200 Sections 410 and Section 345](#)
- [2 CFR Part 200, Subpart E Cost Principles for Non-Profit Organizations, Educational Institutions, State and Local Government and Indian Tribal Government](#)
- [Generally Accepted Accounting Principles \(GAAP\)](#)

SUPERSEDES

SWWDC Policy #1002 Debt Collection Revision Date 3/1/2012