

# **North Central Workforce Development Area**

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## **LOCAL DIRECTIVE**

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| Directive #: 08-81 (REV 1) | Date: 7/1/2018 |
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TO: SkillSource Service Providers

FROM: Dave Petersen, Executive Director

SUBJECT: DEBT COLLECTION

SUPERCEDES: Debt Collection 08-81

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Once a debt has been established, SkillSource will notify the subrecipient, subgrantee, or (sub)contractor, providing contracted services (excluding vendors) of the establishment of debt, their appeal rights, date the debt will be considered delinquent, and sanctions (which may include but are not limited to debarment) if the debt is not repaid and the interest rate charged, if any;

Three debt collection letters will be sent to the subrecipient at no less than 30 calendar day intervals;

An outstanding debt category will be established in the fiscal agent's accounts receivable system, and,

The WDC will maintain a permanent record of all debt collection cases and their status.

Debt repayment is formally established when a final determination is issued through the audit resolution process, or through monitoring findings, incidence reports or complaints. All WIOA debt repayments must come from non-WIOA funds, match, stand-in costs, or in-kind services as appropriate. Collection of debt for fraudulent activities will be subject to the resolution determined by the federal and state agencies. In the event that the resolution is that the local entity shall attempt to collect the debt for fraudulent activities, the following options will be used:

### 1. Adjustment in payments offset

Under this method, an agreement is entered into with the debtor whereby the contract is reduced by the amount of the debt while the program is maintained at an undiminished cost level supported by non-federal contributions.

## 2. Withholding

This repayment will involve withholding amounts owed to the debtor for past services or other considerations already provided in satisfaction of the debt owed.

## 3. Stand-in Costs

This method is not actually a debt repayment but is a way of “erasing” debt. The debtor must identify allowable costs associated with the grant during the grant period but not charged to the grant and substitute those costs for the disallowed costs, thus erasing the debt. This method would require negotiation and a written agreement between the debtor and the WDC. Such costs are subject to audit and documentation must be maintained when such agreements are made.

## 4. Additional Services

This method involves a repayment agreement with the debtor whereby additional grant services, above those originally agreed to with the WDC, paid through non-federal funds are received in lieu of cash. This method requires a written agreement signed by both parties with conditions regarding the type of funds to be used, documentation subject to audit, a description of the services rendered, and a time limitation.

## 5. Installment Payments

Cash installment repayment agreements will usually be of short duration for three to twelve months, with a maximum of twenty-four months. The duration will be negotiated based on the size of the debt and the debtor’s ability to pay.

### Appeal Procedure:

After notification that a debt has been established the debtor may appeal the decision. Appeals must be in writing and received within 60 days from the date the entity was notified that a debt was established. A hearing will be scheduled within sixty (60) days of the receipt of the appeal unless waived or postponed by the appellant and confirmed in writing. Written notice advising of the hearing will be sent to all parties at least fifteen (15) calendar days prior to the scheduled hearing and will include the date, time and place of the hearing. A final decision will be issued within 60 days of the receipt of the appeal unless the right to a hearing within 30 days has been waived.

The complainant has the right to:

- a. Withdraw the appeal at any time.
- b. Request rescheduling of the hearing for good cause.
- c. Amend the appeal prior to the hearing.
- d. Be represented by an attorney or other representative.
- e. Present witnesses and evidence.
- f. Request that records or documents relevant to the issues be produced.
- g. Question witnesses and other parties.
- h. Be heard by an impartial hearing officer.
- i. Receive a written decision within 60 days of the filing of the appeal.

- j. Waive or postpone a scheduled hearing in order to pursue an informal resolution.

Hearings will only cover the issues listed in the hearing notice. Full and complete records will be kept of all hearing procedures. All testimony will be recorded, and the hearing record will be transcribed by a court reporter. Decisions will include a statement of the violations alleged by the complainant; findings of fact; a decision; relief requirements and/or corrective action, if any; and notice of the right to request state review and instructions on how to file the request.

#### Petition for Review by the State:

Any individual or organization may petition the State Employment Security Department to review an appeal provided it was filed through the aforementioned procedures, and:

1. Applicable WIA procedures have been exhausted; and
2. A decision was not received within 60 days of filing; or
3. The decision received was unsatisfactory to the complainant or other interested party.

#### Filing a Petition for Review:

A petition for review will be regarded as filed on the date a written request is received by the Assistant Commissioner of the Training Program Services Division of the Employment Security Department. Requests must be received within fifteen (15) days from date the complainant did, or should have, received a decision. If the petition is mailed, it will be deemed filed with the addressee on the postmark date if it is properly addressed and has sufficient postage. The decision of the Assistant Commissioner is a final agency action and is subject to review under RCW 34.05.570. If the decision is not issued within thirty (30) days, the complainant may request a federal review.

Petitions for review will be addressed to:

Assistant Commissioner  
Employment and Training Division  
Employment Security Department  
PO Box 9046  
Olympia, WA 98507-9046  
Attention: WIA Complaints

#### DEFINITIONS

**Final Determination:** Final Determination is the awarding agency's decision to allow or disallow questioned costs and the resolution of any non-monetary findings.

**Final Debt:** Final Debt is the amount owed based on the awarding agency's final determination if an appeal is not filed, or the decision issued in response to an appeal. Included in final debts are funds due from, but not limited to, incidents of fraud, malfeasance, misapplication of funds or other serious violations or illegal acts.