

**THE OREGON CONSORTIUM & OREGON WORKFORCE ALLIANCE
POLICY MEMORANDUM #WIA-13-09/01**

DATE: September 15, 2001

SUBJECT: Debt Collection

REFERENCE:

- Workforce Investment Act, Sections 133 and 184 (c) and (d)
 - Title 20 Code of Federal Regulations (CFR) 667.500, 667.705, 667.720, 667.730 and 667.740
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PURPOSE:

To establish procedures for the recovery of misexpended funds under the Workforce Investment Act (WIA). The purpose is to ensure that all funds administered by The Oregon Consortium & Oregon Workforce Alliance (TOC/OWA) are properly accounted for and to recover, whenever feasible, monies owing TOC/OWA by any person or entity.

BACKGROUND:

TOC/OWA is liable to the State of Oregon for all collectible debts incurred in the operation of the WIA program within its local workforce investment area.

WIA requires repayment of misexpended funds received under the Act. The WIA regulations at 667.705 specifically state that: "The political jurisdiction(s) of the chief elected official(s) in a local workforce investment area is liable for any misuse of the WIA grant funds allocated to the local area under WIA sections 128 and 133, unless the chief elected official(s) reaches an agreement with the Governor to bear such liability."

"When a local workforce area is composed of more than one unit of general local government, the liability of the individual jurisdictions must be specified in a written agreement between the chief elected officials."

POLICY:

Because of the financial liability involved, it is the policy of The Oregon Consortium & Oregon Workforce Alliance to aggressively pursue collection of all debts pursuant to applicable laws and regulations.

PROCEDURE:

1. When a regional subgrant recipient or subcontractor's liability is established as a result of an audit, monitoring finding or other means, the Director of Operations, under the direction of the Executive Director, will notify the entity by certified mail of the following:

- a) The amount of liability;
- b) TOC/OWA's reason for establishing the debt;
- c) The debt, if not resolved or a satisfactory alternative repayment plan has not been negotiated, will become delinquent within thirty days;
- d) The debtor's administrative appeal rights.

2. An accounts receivable control sheet will be maintained on the amount in question.

3. The Director of Operations will negotiate any resolution of the debt or any agreed upon repayment schedule. Options for debt resolution which may be offered at the discretion of TOC/OWA include cash or installment payments, offset against a subsequent grant, or a reduction in payments.

4. If the debt is not repaid or resolved in thirty (30) days, a second more strongly worded thirty (30)-day notice will be sent. If no satisfactory resolution occurs at the end of the sixty (60)-day period, a third and final collection letter will be issued.

The final collection letter will indicate that TOC/OWA will impose one or more of the following sanctions:

- a) Withholding payments due the subcontractor;
- b) Initiate litigation against the subcontractor;
- c) Withholding future funding in accordance with the guidance at 29 CFR 97.36(b);
- d) Termination of current agreements.
- e) Initiate debarment

5. If the debt is still outstanding after ninety (90) days, a determination will be made by TOC/OWA to use another method of collection. In making this determination, consideration will be given the following factors:

- a. Amount of the debt;

- b. Cost of further collection;
- c. Amount collected to date, and;
- d. Probable success of collection.

Before any debt is compromised or terminated an approval will be obtained from the Oregon Department of Community Colleges and Workforce Development (ODCCWD).

6. TOC/OWA may request that the State submit a waiver of liability to the U.S. Department of Labor of any disallowed cost if it can be demonstrated that such a request would satisfy the requirements as outlined in 20 CFR 667.720 of the WIA regulations.

CASH REPAYMENTS

Any debt involving fraud or abuse shall be repaid in cash. Funds collected in settlement of these debts will be returned to ODCCWD. The refund check will identify the title and year to which the misexpenditure was originally charged.

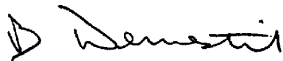
When the debt was not a result of fraud or abuse, the cash repayment of the disallowance is a credit to the title and year to which it was originally charged. If the year of allocation is still open, TOC/OWA may expend the funds for program purposes. Cash payments received after the fund availability period must be remitted to the State.

ACTION:

The TOC/OWA administrative office and regional subgrant recipients shall follow this policy. This policy will remain in effect from the date of issue until such time that a revision is required.

INQUIRIES:

Inquiries should be addressed to the Director of Operations at 1-866-888-4TOC.



Bill Demestihis
Executive Director