



## DEBT COLLECTION

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### PURPOSE

This policy provides guidance regarding prior for debt collection associated with the misexpenditure of Workforce Innovation and Opportunity Act (WIOA) funds.

### SCOPE

The Workforce Development Board of Ventura County (WDBVC) and its contractors and subrecipients.

### REFERENCES

- Workforce Innovation and Opportunity Act, Section 184, Fiscal Controls; Sanctions
- Workforce Services Directive WIAD01-5, Debt Collection (September 10, 2001)

### POLICY

The Workforce Development Board of Ventura County (WDBVC) is responsible for their subrecipient audit resolution and aggressive debt collection action. At the State level, audit resolution and debt collection are the responsibility of the Employment Development Department's (EDD) Compliance Review Division (CRD).

The settlement of all debts resulting from fraud, malfeasance, misapplication of funds or other serious violations or illegal acts must be cash from nonfederal sources. Funds collected by WDBVC in settlement of these debts must be returned to CRD immediately on their receipt. The mailing address for CRD is:

Employment Development Department  
Compliance Review Division, MIC 22M  
P.O. Box 826880  
Sacramento, CA 94280-0001

The WDBVC must maintain records that document the action taken with respect to debt collection, restoration, or other debt resolution activities. The WDBVC must also document the reason for the action taken.

When the debt was not a result of fraud, malfeasance, misapplication of funds or other serious violations of 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, WDBVC may expend the funds within the

cost limits. Cash payment received after the fund availability period must be remitted to CRD.

Debt collection procedures include:

- A process for notifying subrecipients of the establishment of the debt, their appeal rights, the date that the debt will be considered delinquent, the sanctions (which may include but are limited to debarment) if the debt is not repaid and the interest rate charged, if any.
- The requirement that that three (3) debt collection letters be sent to the subrecipient at no less than 30 calendar day intervals.
- The establishment of an outstanding debt category in the local area's accounts receivable system.
- The WDBVC standards and specifications for terminating, comprising, and litigating debts; and
- An audit resolution tracking log shall document the disposition of reported questioned costs and corrective actions taken for all findings and shall maintain a permanent record of all debt cases and their status.

To be relieved of liability for a subrecipient's debt, the WDBVC must submit a written request that EDD seek the Department of Labor agreement to forego collection action to the CRD. Requests must include documentation and other demonstrations of facts showing compliance with WIOA Section 184(d) and Title 20 CFR 683.740 to CRD. Mere statements of compliance and recitation of the criteria will not be acceptable. Without the prior approval of both CRD and DOL, The WDBVC will remain responsible for repayment of the entire debt.

All WIOA debts must be paid within 30 calendar days of the date on which the debt was established as final. If the debtor is unable to make restitution in full, an installment repayment agreement may be negotiated. Installment repayment agreements must be short in 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. All installment repayment agreements must have prior approval by the CRD.

#### **ACTION**

Bring this policy to the attention of all affected staff.

#### **INQUIRIES**

Inquiries regarding this policy can be addressed to the WDBVC at 805-477-5306.

/S/ Rebecca Evans, Executive Director  
Workforce Development Board of Ventura County