



Subject: Debt Collection
Policy No: 2015-50
Effective Date: 11/1/08
Revised: 5/1/19

Purpose:

To establish procedures to ensure timely collection of debts resulting from mis-expenditures of WIOA funds and for notifying subrecipients, service providers, and other entities of the debt collection process.

Any debt incurred as a result of mis-expended WIOA funds must be repaid within 30 days of determination of the final debt. The Benton-Franklin Workforce Development Council (BFWDC) has established the following process for notification and collection:

- 1) Notification – The debtor will be notified in writing of the following:
 - Date on which the debt was established as final (decision).
 - Date that the debt will be delinquent (30 calendar days of the date on which the debt was established as final, unless other arrangements are documented and approved by the BFWDC).
 - Appeal Rights (notification of the right to appeal the decision and the appeals process).
 - Sanctions, which may include, but are not limited to, debarment, if the debt is not repaid.
 - Interest rate to be charged (if any).

- 2) Debt Delinquency – If a debt becomes delinquent the following will occur:
 - An outstanding debt category will be established in the accounts receivable system.
 - Three debt collection letters will be sent at no less than 30 calendar day intervals.
 - Within 60 calendar days the Chief Local Elected Officials (CLEO's) will be notified in writing of the debt.

- 3) Debt Settlement:
 - The settlement of all debts resulting from fraud, malfeasance, misapplication of funds or other serious violations or illegal acts must be paid from nonfederal sources and remitted to the BFWDC at:

Benton-Franklin Workforce Development Council
815 Kellogg St., Suite C
Kennewick, WA 99336

Funds collected by the BFWDC must be identified and forwarded to the Employment Security Department immediately upon receipt, identified as "debts collected" as per ESD WIOA Policy 5265: Debt Collection.

- When a debtor is unable to make restitution in full, an installment repayment agreement of short duration (3-12 months with a maximum of 36 months) may be negotiated. The length of the repayment agreement will be based on the size of the debt and the debtor's ability to pay. The BFWDC must approve all installment repayment agreements. (The BFWDC must receive approval from the Employment Security Department on all installment repayment agreements).
- When the debt was not a result of fraud, malfeasance, or misapplications of funds or other serious violations or illegal acts, the cash repayment of the disallowance will be remitted to the BFWDC and processed according to WIOA policy.
- If a debt is still outstanding after 90 calendar days, the BFWDC may determine whether to use another method of collection, including litigation.

4) Records Retention:

- The BFWDC will maintain a permanent record of all debt collection cases and their status. This permanent record will include documentation of the actions taken with respect to debt collection, restoration, or other debt resolution activities including actions taken to support their decisions.

5) Stand-in Costs:

- The use of stand-in costs may be considered by the BFWDC as a substitute for disallowed costs in audit, or other resolution procedures. The application of stand-in costs occurs during the initial resolution process. If an auditee or other applicable party agrees that the questioned costs are disallowable and wishes to propose the use of stand-in costs, the proposal shall be included with the audit resolution report or other documents provided as comments to the resolution agency. If the auditee or other applicable party is uncertain about the allowability of the questioned costs before the initial determination, the proposal to use stand-in costs may be presented during the informal resolution period.
- Stand-in costs are non-federal costs that may be substituted for disallowed costs when certain conditions and criteria are met.

6) Offset:

- For BFWDC level mis-expenditures that were not due to willful disregard of the requirements, WIOA regulations, fraud, failure to observe accepted standards of administration or a pattern of mis-expenditure, the payment of the disallowed cost will be treated as a credit to reduce expenditures in the program and year to which it was originally charged.

Benton-Franklin Workforce Development Council is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Washington Relay Service: 711