

**Corrective Action Procedure No. 2022-01**  
**Effective Date: 6/8/2022**

Oversight and monitoring are a regular, systematic review of a subrecipient's program quality, fiscal integrity, performance achievement, and contract deliverables to ensure compliance with applicable federal and state laws, regulations, policies, guidance, and the terms and conditions of awards and contracts. To accomplish these responsibilities and satisfy our oversight role, a Corrective Action Procedure to address non-compliance and non-performance issues for all subrecipients that receive funding from the Benton-Franklin Workforce Development Council (BFWDC) was developed.

When an area of deficiency or non-compliance is identified, the following procedure outlines the progressively increasing levels at which the BFWDC will address the issue with the subrecipient.

**A. First Level - Verbal Warning**

When an area of deficiency in contract compliance or performance is identified, the BFWDC shall attempt to resolve the issue at the lowest level by engaging with the subrecipient's local program first-line manager or equivalent position to:

1. Communicate the area of deficiency via phone call, virtual, or in-person meeting.
2. Request an explanation identifying the root cause of the issue with proposed solutions.
3. Set a timeframe for the subrecipient to resolve the area of deficiency.
4. Provide technical assistance as needed and review progress to ensure the subrecipient corrected the problem.

It is the subrecipient's responsibility to address and resolve non-compliance or non-performance issues. If the subrecipient resolves the problem within the prescribed timeframe, no further action is required. If the subrecipient fails to rectify the problem satisfactorily within the prescribed timeframe, the BFWDC shall elevate the area of deficiency to the next level.

**B. Second Level - Written Warning**

If the issue cannot be resolved at the lowest level, the BFWDC will engage with the subrecipient's local middle manager or equivalent position to:

1. Communicate the area of deficiency via email.
2. Request a written explanation be submitted to the BFWDC within five business days via email, identifying the root cause of the issue with proposed solutions.
3. Set a timeframe for the subrecipient to resolve the area of deficiency.
4. Provide technical assistance as needed and review progress to ensure the problem is corrected.

If the compliance or performance issue is resolved within the designated timeframe, no further action is required. If the subrecipient fails to resolve the non-compliance or non-performance issues within the specified timeframe or the solution results in unsatisfactory progress, the BFWDC shall elevate the area of deficiency to the next level.

### **C. Third Level - Corrective Action Plan**

The BFWDC shall issue a Corrective Action Letter to the subrecipient's top-level manager or equivalent position and follow the process outlined below.

1. The Corrective Action Letter will identify the non-compliance or performance deficiency.
2. The subrecipient shall create and submit a written Corrective Action Plan to the BFWDC within ten (10) business days of issuance of the Corrective Action Letter addressing:
  - The cause of the deficiency and strategies to resolve the issue and prevent future occurrences.
  - The timeframe needed to resolve the issue.
  - Schedule weekly meetings with the appropriate BFWDC Program Manager to discuss corrective action progress and any needed technical assistance.
3. BFWDC staff provides board members with a copy of the Corrective Action Letter and Corrective Action Plan for review and discussion.
4. All Corrective Action Plans may, at the BFWDC's sole discretion, be rejected or require re-submission until a satisfactory plan is submitted.
5. The BFWDC has seven (7) business days to approve or modify the action plan after discussion with the subrecipient.
6. At the end of the agreed-upon corrective action deadline, BFWDC staff shall verify the Corrective Action Plan has been implemented and that the subrecipient effectively corrected the area of deficiency. BFWDC will notify the subrecipient in writing that it is no longer on a Corrective Action Plan. If the deficiency is not satisfactorily rectified, the subrecipient may be subject to one or more of the following actions:
  - The BFWDC may choose to continue the Corrective Action Plan for an extended period, depending upon the circumstances of the deficiency and the ability of the subrecipient to resolve the issue promptly; or
  - A subrecipient with an unresolved Corrective Action Plan may face one or more of the following consequences:
    - a. May not be considered for continued funding or an extension of their contract from the BFWDC; or
    - b. Be ineligible for funding in future procurements for a specified period.

## D. Definitions

1. **Corrective Action Plan** - A plan developed and implemented by the subrecipient that corrects identified deficiencies and produces recommended improvements designed to correct specific instances of non-compliance or deficiencies within a specified time frame.
2. **Local First-Line Manager** – Supervises program employees and holds them accountable for serving program participants and achieving performance goals.
3. **Local Middle Manager** – Reports to top-level managers yet has the autonomy to make decisions within their local area. These managers often have job titles that include the word "Director."
4. **Non-Compliance** - Any instance of failure to comply with applicable federal, state, and local laws, regulations, contract provisions, grant agreements, or policies.
5. **Top-Level Manager** - Represents the highest level of executive management. A top-level manager often has the word "Chief" in their job titles, such as chief executive officer, chief financial officer, etc. These managers help sustain the company's growth, execute plans over the long term, and make significant business decisions.