

**Southern Nevada Workforce Investment Board  
General Policy & Procedure  
AUDIT PROCESS/DEBT RESOLUTION**

**EFFECTIVE DATE: September 13, 2006**

**NUMBER: 2.12**

**SUPERSEDES: SNWIB General Policy and  
Procedure No. 2.12, dated September 22, 2004**

**AUTHORIZATION: SNWIB**

**BACKGROUND:**

The purpose of this policy is to set forth written procedures, as indicated in the Workforce Investment Act regulations, for Southern Nevada Workforce Investment Board (SNWIB) staff and its contractors/subrecipients to follow in the matter of the audit process. This policy addresses the following areas: audit, audit resolution, sanctions and debt collection procedures that may arise as the result of an audit finding or investigation.

**I. GENERAL PROVISIONS FOR THE AUDIT PROCESS:**

- A.** The SNWIB and its subrecipients, that receive more than \$500,000 in Federal funds in a program year, must comply with the requirements of OMB Circular A-133, or may have a program-specific financial and compliance audit in accordance with Generally Accepted Government Auditing Standards [§667.200(b)(2)(ii)].
- B.** In relation to fiscal and programmatic auditing, the following shall apply to all SNWIB programs and activities for those service providers that meet the criteria outlined in paragraph “A” above:
1. All funds awarded to the SNWIB and its subrecipients shall be subject to audit no less than once each year, as detailed in OMB Circular A-133.
  2. The SNWIB and its subrecipients shall enter into an engagement agreement with a qualified Certified Public Accountant (CPA) firm to conduct an A-133 audit no later than 30 days prior to the end of their fiscal/program year for which the audit will be conducted. A draft audit report shall be provided to the SNWIB no later than six months after the end of subrecipients’ fiscal/program year. The SNWIB and its subrecipients’ financial and A-133 audits, if applicable, shall be completed no later than nine months after the end of the entity’s fiscal/program year.
  3. Final audit results of the SNWIB’s subrecipients will be submitted to the SNWIB no later than 15 days after completion of the audit report(s).
  4. If the subrecipients’ audit report(s) contains findings, the subrecipient will have 30 days following the completion of the final audit report(s) to correct the findings and provide corrective action response(s) to the SNWIB.
  5. Adverse findings may be established through independent audit, or through the Department of Labor, State of Nevada, or SNWIB compliance assurance reviews.

## **II. GENERAL PROVISIONS FOR AUDIT RESOLUTION:**

**A.** To resolve audit findings, subrecipients must develop written resolution plans that include corrective action steps and timetables for completion. The following must be included in all SNWIB subrecipient corrective action initiatives or resolution plans:

1. All costs questioned or recommended for disallowance and administrative findings;
2. Whether these costs are allowed or disallowed and the justification for such determinations;
3. Acceptance or rejection of any corrective action taken to date including corrective action on administrative findings;
4. Statement of possible sanctions;
5. An offer for informal resolution of at least 60 days from issuance of the initial determination [§667.510(c)];
6. Informal resolutions may be accepted if corrective action is completed prior to the issuance of the formal report.
7. Final determination regarding audit and compliance findings shall include:
  - a. Matters discussed during information resolution and the results of the discussion;
  - b. A summation of the costs allowed and disallowed and the acceptability of corrective action on administrative findings with reasons for any changes from the initial determination;
  - c. Establishment of a debt, if appropriate;
  - d. Deadline by which debt must be repaid, and dated when debts become delinquent;
  - e. Whether or not interest will be charged, and the interest rate;
  - f. Any other required corrective actions and timeframes by which they will be accomplished;
  - g. Statement of possible sanctions;
  - h. Procedures by which the subrecipient may appeal to the State a decision of the entity making the determinations.

**B.** All findings and compliance irregularities may be appealed as outlined in this policy.

**III. TIMEFRAMES FOR SERVICE PROVIDERS/VENDORS AUDIT RESOLUTION:**

A. Timeframes shall be established for each step in the process and is part of the written audit/monitoring/compliance report resolution procedures as follows:

<u>Activity</u>	<u>Timeframe</u>
Final Audit/Monitoring/Compliance Report Issued	30 days after completion of audit/monitoring/Compliance Activity
Service Provider Corrective Action Plan/Resolution	30 days after final report
SNWIB Initial Determination	30 days after receipt of corrective action plan/resolution
Informal Resolution Request Due to SNWIB	10 days after initial determination
Final Determination	90 days after initial determination

B. Total time for the resolution of an audit/monitoring/compliance finding shall not exceed 90 days from receipt of the final audit/monitoring/compliance report of the subrecipient/service provider.

C. Initial and final determinations shall be mailed “Certified – Return Receipt Requested” to the service provider and State officials.

**IV. GENERAL PROVISIONS FOR DEBT COLLECTION:**

A. The Workforce Investment Act, Title I, 184(d)(1) requires that each recipient of funds shall be liable to repay the amounts of disallowed costs from funds other than those received under this title. Disallowed costs shall be repaid with non-federal funds; therefore, the SNWIB has established the following guidelines:

B. A debt shall be established for disallowed costs included in the final determination. With approval by the executive director/deputy executive director, all questioned costs or costs recommended for disallowances that have not been resolved in the final determination shall become disallowed costs.

C. Interest may be charged on debts established for disallowed costs. Interest may be charged from the day the debt becomes delinquent. The interest rate shall be the current rate the SNWIB receives on its interest bearing account. After 90 days, if the debt is not resolved without good cause, a penalty fee of five percent of the debt and interest due shall be included and added to the debt.

**V. APPEALS:**

Service providers/vendors may appeal the final determination to the State of Nevada, Department of Employment, Training and Rehabilitation, Employment Security Division, Workforce Investment Support Services unit no later than 30 days after the final determination

## **VI. APPEAL RESOLUTION PROCEDURE AT SNWIB LEVEL:**

1. Appeals to the SNWIB shall be in writing, signed and dated. The date the appeal is received becomes the official filing of the appeal. The complainant must provide the following information in the original appeal filing:
  - a. Full name, telephone number and mailing address of the complainant.
  - b. Full name, telephone number and mailing address of the respondent (agency or person involved).
  - c. A statement of the purpose of the appeal to include a clear and concise statement of the facts, dates and supporting documentation.
  - d. Resolution sought by the complainant: any absence of the required information shall not constitute grounds for dismissal of the appeal. The SNWIB encourage informal resolutions between the SNWIB and complainant. If informal resolution is not possible, the SNWIB must notify the complainant in writing of the next formal procedural step in the appeal process.
2. Notice of Hearing: the SNWIB shall conduct a hearing with 30 days of filing of an appeal. The SNWIB shall, by certified mail, with return receipt requested, notify the complainant and the respondent of “Notice of Hearing” not less than 10 days prior to the date of the hearing. The time of the hearing may be shortened if mutually agreed to by both parties. The “Notice of Hearing” shall be in writing and include the following information:
  - a. Appeal case number, name of complainant, name of respondent, date of appeal.
  - b. Date, time and location of the hearing before an impartial hearing officer and an opportunity to present evidence.
  - c. A statement of the alleged violation(s).
3. Informal Conference: While in preparation for the hearing, both SNWIB and complainant are encouraged to attempt an informal resolution.
4. Rules of the Hearing:
  - a. If the complainant fails to appear at the hearing, the appeal shall be dismissed. If the SNWIB fails to appear at the hearing, the impartial hearing officer shall render a decision based on the review of all available information.
  - b. A request for a 7-day postponement may be made by either party upon presenting good cause to the hearing officer, provided the hearing is conducted within 30 days of filing the appeal.
  - c. The hearing shall be conducted in a manner to obtain full disclosure of all the facts. The presentation of both written and oral testimonies shall be allowed. Both parties shall have the right to present and cross-examine witnesses. The right to provide and examine all relevant records and documents shall be provided to both parties.
  - d. An appeal may be withdrawn by the complainant at anytime prior to the date of the hearing.
5. Conducting the Hearing: An impartial and independent hearing officer shall be designated by the SNWIB. Hearing shall be conducted in a manner according to the rules and formal hearing procedures outlined in this policy.

## **VII. FORMAL HEARING PROCEDURES:**

### **OPENING THE HEARING**

Greeting: Announce the Hearing and the Purpose

To hear the complaint filed by the complainant, regarding the SNWIB Audit/Monitoring/Compliance Finding Appeals Process—Southern Nevada Workforce Investment Board Complaint Number 00

Introduction: Introduce the Hearing Officer—The hearing officer for this case is: Dusty Roads.

Procedures: During this hearing, I will hear from the complaint—ABC, Inc., and its staff and anyone having knowledge of this case, or witness thereto.

All testimonies shall be under oath.

For those called to testify, please clearly state your name, position or title and organization/agency of assignment and address of such.

This is a Southern Nevada Workforce Investment Board complaint hearing No. 00, being conducted on November 1, 2006, at 1:00 P.M.

I am Hearing Officer Dusty Roads, and I will be conducting the hearing today. A recording is being made of the hearing in order to preserve the testimony.

The complainant in this hearing is ABC, Inc., of which the executive director is Mr. John Doe, located at 1234 South Las Vegas Blvd, # “A”, Las Vegas, Nevada 89111-0000.

Do I have that correct Mr. Doe? Will you have any witnesses or observers today? What are there names and relationships to you or their job titles and agencies/organizations/companies?

Are there any witnesses or observers for the SNWIB here today?

Following today’s hearing, I will be issuing a written decision that will be provided to the Southern Nevada Workforce Investment Board deputy executive director, who will in-turn ensure that you and all interest parties receive a copy.

Both sides or parties will have appeal rights to that decision, but any appeal must be filed within 10 days from the date the Southern Nevada Workforce Investment Board delivers my written decision to you.

This hearing came about as the result of ABC Inc., disallowed costs identified by the SNWIB or other appropriate agency.

You will be given an opportunity to present evidence through your and your staff's presentation of testimonies, witnesses and documents. It is my job to obtain on the record all of the facts relevant to this case.

I will question each witness about the case and then give the witness an opportunity to add any relevant information. You will also be able to question your own witnesses, as well as opposing witnesses (if any).

We will address any documents as they become relevant in the testimony. Any document you have sent or that are already in the file could be used as potential exhibits for this case.

Each individual providing testimony will be asked to state their full name and date of birth for the record as part of identification of the individual. If opposing party wishes to challenge any individual identity, please let me know at that time.

Each party has the right to have witnesses placed under the rule. What that means is that the witness will be asked to leave the room or they will not be called until they are needed to testify so that they cannot hear the testimony of anyone else. I ask that the parties not prompt the testimony of anyone or help anyone answer a question posed to them. Please do not refer to any document that has not previously been disclosed.

I will begin the testimony portion of this hearing by obtaining some general background information from both the complainant and the SNWIB (if present) about their work or business functions associated with the Workforce Investment Act. I will then begin taking separation testimony first from the party who initiated the complaint.

At this time, I would like to place each of you present under oath. Please respond when I call your names. Do you solemnly swear or affirm that the testimony you are about to give in this case will be the truth, the whole truth, and nothing but the truth under penalty of perjury [state each person's name and wait for a response]?

Mr. Doe do you have any questions about the hearing procedure or any of the other information I have mentioned?

Now, before I get to the testimony portion of the hearing, I would like to have each of you state your full name and date of birth for the record.

Did you receive notice of this hearing?

Opening Questions and Answers.

Thank you all for your participation in this hearing. This hearing is now closed.