



LANE WORKFORCE PARTNERSHIP

FINANCE POLICY # 2

Rescission: General Policy #3, 07/01/1990, Fiscal Policy #4, 07/01/2003
References: Uniform Grant Guidance 2 CFR 200 and 2900
Effective Date: 07/01/2016
Topic: DEBT COLLECTION AND SANCTIONS

A debt collection action is used in two instances: Subcontractor/Service Provider and Audit Related.

I. Definitions

- a. **Debt:** A cost which is determined to be in violation of legislation or regulatory requirements or specific conditions of pertinent grants, contracts, agreements or compliance procedures. A debt may result from an overpayment or a mis-expenditure of funds.
- b. **Disallowed Cost:** A debt established by final determination by the State of Oregon, the U.S. Department of Labor or Lane Workforce Partnership (LWP). Charges determined to be unallowable, in accordance with applicable statutes, regulations, or the terms and conditions of the subcontract.
- c. **Subcontractor/Service Provider:** An individual agency or business who receives funds administered by LWP.

II. Subcontractor/Service Provider Related

- a. Anytime a subcontractor fails to perform the work described in the subcontract.
- b. Anytime a subcontractor has received funds not allowable, allocable or reasonable.
- c. Anytime a subcontractor is in default, breach or noncompliance with the subcontract document
- d. Any violation of federal, state or local laws, regulations or compliance requirements.
- e. In accordance with the Uniform Grant Guidance, 2 CFR Part 200.113 Mandatory disclosures: Subcontractors receiving federal funds must disclose, in a timely manner, in writing to LWP, pass-through entity, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Failure to make required disclosures can result in any of the remedies described in 2 CFR Part 200.338.

III. Audit Related

Any financial or compliance audit which contains a questioned cost on the part of a subcontractor or service provider from funds administered by LWP and, which have been deemed 'disallowed' by proper authority.



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IV. Procedures

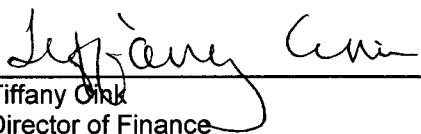
When a debt is established, the Director of Finance will be notified. A determination will be made in regard to initiating the Debt Collection Process.

- a. Debt collection letters will be sent at thirty-day intervals in an attempt to establish repayment. These letters will outline the cause of the debt and will address appropriate methods of repayment. Some options for repayment include cash or installment payments. A minimum of three letters will be sent in the effort to obtain repayment. The third letter will be sent certified mail.
- b. If the debt can be offset by deducting the amount from payments for which the subcontractor is eligible, it must be approved by the Executive Director.
- c. If repayment is not made or is insufficient to cover the debt, the Director of Finance will evaluate the attempts made, the response of the debtor, and amount of the debt and the circumstances which caused the debt to occur. A written recommendation will be forwarded to the Executive Director. The Executive Director has sole authority to waive the debt or proceed with sanctions.
- d. If the debt is under \$100.00 and due to error rather than misrepresentation, a minimum of two letters will be sent. If there is no response, the debt may be forgiven. This is due to the cost of administering the debt collection process, staff wages and administrative costs. It is not cost effective to pursue small debts (under \$100.00) unless there is a legal or moral reason to do so.
- e. The debt collection process will be administered by LWP Finance.

V. Sanctions

Penalties and sanctions may include, but are not limited to the following:

- a. Referral to Legal Counsel for determination of feasibility for litigation.
 - b. Referral to a collection agency for collection.
 - c. Termination of the subcontract.
 - d. Non-consideration of the subcontractor for future subcontracts or services.
 - e. Prohibition of future participation in a program sponsored or administered by LWP.
- VI. Decisions regarding final action(s) taken by LWP will be made by the Executive Director.



Tiffany Oink
Director of Finance