



DEBT COLLECTION POLICY

Policy Number: 1050

Effective Date: May 1, 2017

A. BACKGROUND

In conformance with [ESD WIOA Policy #5265](#) Workforce Snohomish has established the following policy and procedure to assure timely collection of debts resulting from misexpenditures of WIOA funds.

B. POLICY

Any debt resulting from misexpended WIOA funds must be repaid within 30 days of determination of the final debt. When misexpenditures are identified by audits, Workforce Snohomish will follow the Workforce Snohomish Audit Resolution and Appeal Policy and procedure to establish the final debt. Sub-recipients may dispute all other misexpenditures using the Workforce Snohomish Dispute Resolution Procedure

The settlement of all debts resulting from fraud, malfeasance, misapplication of funds or other serious violations or illegal acts must be made in cash from nonfederal sources. Funds collected by Workforce Snohomish in settlement of these debts will be returned to Employment Security Department immediately, identified as “Debts Collected”, as per ESD WIOA Policy #5265.

When the debt is not a result of fraud, malfeasance, misapplication of funds or other serious violations or illegal acts, the repayment of debt may be made in cash, covered via stand-in costs or offset as per the Workforce Snohomish Debt Collection Procedure. Such debt may be collected in installments over several programs years. Cash payments received after the fund availability period will be remitted to ESD.

Workforce Snohomish will record all outstanding final debts in its account receivable system.

Workforce Snohomish will maintain a permanent record of all debt collection cases, their status, and rationale for all actions taken related to the establishment and collection of the debt.

Sub-recipient or contractor failure to pay debts will result in termination of contracts and possible legal action.

C. DEFINITIONS:

- **Final Debt:** Final debt is the amount owed based on Workforce Snohomish's final determination that funds have been misexpended after all opportunities for appeal, waiver, and offset have been exhausted. Included in final debt are funds due from, but not limited to, incidents of fraud, malfeasance, misapplication of funds, or other serious violations or illegal acts.
- **Offset:** A credit to the title and year to which a misexpenditure was originally charged. The credit reduces the expenditures of the period of the cost that was refunded.
- **Stand-in costs:** Costs that can be substituted for otherwise unallowable costs charged to WIOA. To be considered as potential "stand-in" costs, costs must be:
 - Allowable WIOA costs that were actually incurred but not charged to the WIOA program because of funding limitations or other reasons.
 - Reported as uncharged WIOA program costs and accounted for in the Sub-recipient's or contractor's financial system.
 - Adequately documented in the same manner as all other WIOA program costs.
 - From the same WIOA Title cost category and funding period as those costs which were disallowed.

References:

- [ESD WIOA Policy #5265, Debt Collection](#)
- [Audit Resolution and Appeal Policy](#)

Supersedes:

- Memorandum #07-16