



**LOS ANGELES COUNTY
COMMUNITY AND SENIOR SERVICES**

DIRECTIVE

Number: CD-09-02

**SUBJECT: Compliance Resolution
Procedures**

Date: June 26, 2009

Effective Date: July 1, 2009

TO: ALL CSS CONTRACTORS

BACKGROUND

Los Angeles County Community and Senior Services (CSS) is responsible for following all federal and State monitoring and audit resolution procedures.

PURPOSE

The purpose of this Directive is to provide all Community and Senior Services (CSS) contractors with CSS' Compliance Resolution Procedures.

Please forward a copy of this Directive and its attachments to all staff involved with the administration of programs operated on behalf of CSS.

REFERENCES

- Office of Management and Budget (OMB) Circular A-133, Subject: Audits of States, Local Governments and Non-Profit Organizations
- Title 20 Code of Federal Regulations (CFR) Sections 667.200, and 667.500
- Title 29 CFR Sections 95.26, 96.53, 97.26
- Employment Development Department Directive WIAD05-17

If you have any questions regarding this Directive, please contact Jackie Lynn Sakane at (213) 739-7321 or jsakane@css.lacounty.gov.

A handwritten signature in black ink, appearing to read "M. Quinn", written over a horizontal line.

**MARGARET QUINN,
Assistant Director
Administrative Services Branch**

LOS ANGELES COUNTY COMMUNITY AND SENIOR SERVICES (CSS) COMPLIANCE RESOLUTION PROCEDURES

Resolution Requirement:

Los Angeles County Community and Senior Services (CSS) Contract Compliance Division is responsible for following all federal and State monitoring and audit resolution requirements.

This procedure includes federal audit resolution requirements included in Office of Management and Budget (OMB) Circular A-133 and applicable sections of the Code of Federal Regulations (CFR) for Workforce Investment Act (WIA) and Area Agency on Aging (AAA) programs.

Resolution Procedure:

CSS Contract Compliance Division (CCD) staff will receive audits from all contractors who have expended over \$500,000 in federal funds and resolve all audit findings and questioned costs in accordance with these procedures. In addition, the Contract Compliance Division will use these procedures in resolving findings from other reviews, including, but not limited to, those by the Los Angeles County Department of the Auditor-Controller (A-C) or their designee, and state and federal government entities with oversight authority over the funds administered by CSS. The resolution process shall take no more than six months from the date the report is received by CSS. The resolution process is the responsibility of the CCD.

Therefore, CCD staff will perform the following:

- 1) Review the report of the service provider within **30 calendar days** of receipt of the report to ensure compliance with the requirements of OMB Circular A-133 and any and all other federal, State and County rules and regulations pertaining to the resolution of findings and questioned costs.

If there are no findings or questioned costs included in the report, CCD staff shall prepare a letter for signature by the Compliance Manager within **30 calendar days** of receipt of the report indicating that the report was reviewed and no findings/questioned costs were noted and therefore, no further action is required by the service provider.

- 2) If the report to be resolved is a Single Audit Report, CCD staff shall complete a Single Audit Control log which will include the following information:

- Date of the audit;
 - Period covered by the audit;
 - Date that the audit was received;
 - Auditor;
 - Questioned costs;
 - Administrative and monitoring findings;
 - Date or dates of the Initial and Final Determinations;
 - Comments and/or documentation of status/decisions regarding the questioned/disallowed costs and administrative findings.
- 3) For all other reports, including monitoring reports issued by the A-C, CCD staff shall complete a monitoring report control log which will include:
- Agency;
 - Program(s) monitored;
 - Site visit date;
 - Findings;
 - Report issue date;
 - Date Initial Determination letter sent requesting a Corrective Action Plan (CAP);
 - Date CAP is due;
 - Date CAP is received;
 - Date Final Determination letter sent;
 - Date Final CAP is due;
 - Date Final CAP is received;
 - Sanction(s) date, if applicable;
 - Date of Closure Letter to service provider with status of the findings and questioned costs.

Initial Determination Letter

- 4) If based on the review of the report and corresponding corrective action plan received from the service provider, there are findings or questioned costs that require resolution, CCD shall prepare an Initial Determination Letter for signature by the Compliance Project Supervisor within **30 calendar days** of receipt of the report. The Initial Determination Letter will include:
- A request for a Corrective Action Plan (CAP) or revised CAP from the service provider;
 - A list of the all questioned costs;
 - Whether the costs are allowed or disallowed, including the reasons with appropriate citations of applicable law, regulation, policy directive, etc., for such actions;

- Acceptance or rejection of any corrective action taken to date by the subrecipient, including corrective action of administrative findings;
 - Possible sanctions (i.e., suspension of payments, etc.); and
 - Any amounts to be repaid.
- 5) The service provider will have **30 calendar days** to respond to the Initial Determination Letter with the submittal of a CAP and/or repayment of questioned costs, where applicable. Extensions for an additional **15 calendar days** may be granted on a case-by-case basis only if there are no questioned costs. CCD may also request a meeting with the service provider on an as-needed basis to discuss the report. The Initial Determination Letter will also advise the service provider of its opportunity of informal resolution of no more than **30 calendar days** from the date of the Letter.

Informal Resolution Meeting

- 6) If an informal resolution is requested by the service provider, the service provider would provide documentation to support the allowability of costs and proposed corrective action of administrative findings at that meeting. Informal resolution discussions may be held by, telephone, if necessary, but in-person is preferable. Telephone conversations should be documented in the resolution file. The informal resolution meeting must be held within the **30 calendar days** that the service provider has to respond to the Initial Determination Letter. The informal resolution meeting does not take the place of the service provider's formal response to CCS's Initial Determination Letter.

When a meeting is held a sign-in sheet will be circulated and retained as part of the resolution file. The meeting must be documented either with a voice recording or written notes that become part of the resolution file. Negotiations of repayment of disallowed costs may be initiated at this time.

Final Determination Letter

- 7) CCD will then have **30 calendar days** from date of receipt of the Initial Determination Letter CAP to issue a Final Determination Letter. Based on the review of the Initial Determination Letter CAP submitted by the service provider and the informal resolution meeting documents provided if applicable, a Final Determination Letter will be prepared for signature by the Compliance Manager which will include the following:
- Reference to the Initial Determination Letter;
 - Summation of the information resolution (telephone call or meeting) if applicable, and the CAP;

- Decisions regarding the disallowed costs, listing each disallowed cost and noting the reasons for each disallowance;
- Questioned costs that have been allowed by the awarding agency and the basis for the allowance;
- Demand for repayment of the disallowed costs;
- Description of the debt collection process and other sanctions that may be imposed if payment is not received;
- Status of each administrative finding; and
- Rights to a hearing.

Service Providers will have **15 calendar days** to repay questioned costs and/or provide a Final Determination Letter CAP to resolve administrative findings.

8) CCD will assemble a resolution file for ease of reference in the event of future action, tabulated with the most current documentation first as follows:

- Closure Letter and Sanctions Letters (if applicable);
- Final Determination Letter CAP;
- Final Determination letter and proof of receipt by the service provider;
- Additional documentation submitted as part of the resolution process, such as notes related to the resolution, sign-in sheets from the informal resolution meetings, supporting documentation provided by the service provider to resolve the questioned costs and/or findings;
- Initial Determination Letter CAP;
- Initial Determination letter and proof of receipt by the subrecipient;
- Response to the final monitoring or audit report; and
- The final monitoring or audit report.

Closure Letter

If the service provider repays all questioned costs and/or provides a Final Determination Letter CAP which satisfies all findings, then CSS will issue a Closure Letter within **15 calendar days** of receipt of the Final Determination Letter CAP stating that all outstanding findings and /or questioned costs have been resolved.

Sanctions

Once the Final Determination Letter CAP is reviewed, if any of the responses to the findings are deemed unacceptable, CSS' Sanctions Directive, CD-09-01, "Addressing Areas of Non-Compliance" applies. CCD will issue a Sanction Letter to the service provider within **15 calendar days** of the receipt of the Final Determination Letter CAP.

Reporting to Los Angeles County Board of Supervisors

CSS will report to the Los Angeles County Board of Supervisors on the resolution of the Auditor-Controller's monitoring report within **15 calendar days** of the Final Determination Letter CAP.

APPEALS PROCEDURE

Initial Local Level Appeal Hearing

Service providers have the right to request a formal hearing when they are in disagreement with the decisions included in the Final Determination Letter /or Letter and/or applied sanctions. Service providers have the option of repaying questioned costs while the appeals process is proceeding to avoid sanctions being applied. The hearing allows both parties the right to represent either written or oral testimony, call and question witnesses in support of their position, present oral and written arguments, examine records and documents relevant to the issues, and be represented. The hearing shall be recorded mechanically or by court reporter. The hearing officer will be an independent hearing officer assigned by Executive Management of CSS.

Service providers have **10 calendar days** after the Final Determination Letter or applied sanctions are issued to submit a written request for a hearing to CCD. The hearing must be held within **30 calendar days** of the request. At least **10 calendar days** before the hearing, written notice of the date and site of the hearing must be provided to the service provider. The **10 calendar day** notice may be shortened with written consent of the hearing officer and the service provider. The service provider may withdraw the hearing request; the withdrawal request must be submitted in writing.

The appeals decision must be issued by the hearing officer within **30 calendar days** of the appeals hearing.

Final Local Level Appeal Hearing

A service provider has **10 calendar days** from receipt of the initial local level appeal hearing decision by the hearing officer to file a written appeal of the local hearing officer's adverse decision to CSS. A second appeal will then be held within **15 calendar days** from the date of the request. The second appeal will be held with an independent hearing officer assigned by Executive Management of CSS. The hearing officer will have **15 calendar days** to issue a decision.

State Level Appeal

- **For WIA Service Providers:** A WIA service provider has **10 calendar days** from receipt of the appeals decision by the Executive Management hearing officer to file a written appeal of the decision to the State Review Panel. The address of the State Review Panel is:

Compliance Resolution Unit
Compliance Review Division, MIC 22M
Employment Development Department
P.O. Box 826880
Sacramento, CA 94280-0001

If the initial local level appeal hearing or final local level appeal hearing is not held or a decision is not rendered in a timely manner as described in this procedure, the service provider has **15 calendar days** from the date on which the hearing should have been held or the decision should have been issued to file a written appeal with the State Review Panel.

If the WIA service provider appeals to the State Review Panel then EDD's Compliance Review Division (CRD) will provide the State Review Panel with a file for review. Within **30 calendar days** of the receipt by the CRD of the service provider's written appeal, the State Review Panel will be convened to review all evidence and issue a decision based on the evidence without consideration of any imposed sanctions.

- **For AAA Service Providers:** AAA service providers may appeal adverse determinations as defined in Title 22 CCR, Section 7702 using the appeal process established by the Department of Aging in Title 22 CCR, Sections 7700 through 7716. Such appeal shall be filed within 30 days of the Department's notice of adverse determination. The address of the Director is:

Director, California Department of Aging,
1600 K Street
Sacramento, California 95814.