



**LOS ANGELES COUNTY  
COMMUNITY AND SENIOR SERVICES**

**DIRECTIVE**

**Number: CD-12-1**

**SUBJECT: Resolution Procedures**

**Date: July 17, 2012**

**Effective Date: Immediately**

**TO: ALL CSS CONTRACTORS**

**BACKGROUND**

Los Angeles County Community and Senior Services Compliance Division is responsible for following federal and State resolution procedures.

**PURPOSE**

The purpose of this Directive is to provide all Community and Senior Services (CSS) contractors with CSS' Compliance Resolution Procedures. This Directive supersedes CD-11-1, dated July 1, 2011, "Revised Resolution Procedures."

**SIGNIFICANT REVISIONS**

Contractors that have repeat findings from *any* prior year report (including a report issued by the Auditor-Controller, the State (Employment Development Department, California Department of Aging) or a federal funding source) will have 5 days to provide an acceptable Corrective Action Plan (CAP) addressing that specific finding. CSS will respond to the CAP within 10 days of receipt.

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

If you have any questions regarding this Directive, please contact Robert Brieff at (213) 738-2675 or [rbrieff@css.lacounty.gov](mailto:rbrieff@css.lacounty.gov)

  
**MARGARET QUINN, Assistant Director  
Contracting Services**

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

## Resolution Requirement:

Los Angeles County Community and Senior Services (CSS) Compliance Division is responsible for following 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), 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 contractor 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 contractor.

- 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:

- Contractor
- 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:

- Contractor;
- 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 contractor, 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 contractor;
- A list of 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 contractor 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. The Initial Determination Letter will also advise the contractor of its opportunity to have an informal resolution meeting within **30 calendar days** from the date of the Letter. CCD may also request a meeting with the contractor on an as-needed basis to discuss the report.

*However, if the report contains any repeat findings from a prior year's report (including, but not limited to, a report issued by the Auditor-Controller, the State (Employment Development Department, California Department of Aging) or a federal entity) the contractor will be asked to address that issue immediately and will given five (5) days to provide an acceptable Corrective Action Plan (CAP) addressing the repeat findings. CSS will respond to the CAP within 10 days of receipt. For all repeat findings, CSS will conduct follow-up within 180 days of issuance of the report. If CSS determines the contractor has not implemented the CAP, the contractor will be sanctioned. The sanction will be lifted when the contractor submits an acceptable CAP regarding the repeat finding and the CAP has been validated.*

### **Informal Resolution Meeting**

- 6) If informal resolution is requested by the contractor, the contractor 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 contractor has to respond to the Initial Determination Letter. The informal resolution meeting does not take the place of the contractor's formal response to CSS' 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 contractor 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) or 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.

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

For those agencies with findings that cannot be closed pending follow-up review (such as assurances of implementing new policies and procedures), CSS will conduct an on-site follow-up review within 180 days of the issuance of the monitoring report. If CSS determines that the CAP addressing those specific issues has been satisfactorily implemented, CSS will issue a closure letter. If not, CSS will sanction the contractor. The sanction will be lifted when the contractor submits an acceptable CAP regarding the repeat finding and the CAP has been validated.

### **Closure Letter (All Findings Closed)**

If the contractor 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. CSS will document this on the Contractor Log.

### **Sanctions Letter**

Once the Final Determination Letter CAP is reviewed, if any of the responses to the findings are deemed unacceptable, or findings remain outstanding after CSS conducts its on-site follow-up visit, CSS will apply Sanctions Directive, CD-10-01, "Addressing Areas of Non-Compliance". CCD will issue a Sanction Letter to the contractor within **7 calendar days** of the receipt of the Final Determination Letter CAP or within **7 calendar days** from the date of the on-site follow-up visit. CSS will document sanctions/reinstatement of payments on its Sanctions Log.

## **Resolution Case File**

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, Follow-up 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 contractor;
- Response to the final monitoring or audit report; and
- The final monitoring or audit report.

## **Debt Collection/Payment Plans**

WIA and AAA require the repayment of disallowed costs incurred in the operation of the WIA and AAA programs. If, after completion of the resolution and/or appeal process, an agency has unresolved questioned costs, the County reserves the right to refer uncollected debts to the Treasurer and Tax Collector (TTC). In its October 2009 memo, the County established the debt collection policy. Prior to referral, the County will contact the agency for a minimum of three (3) times within a forty-five (45) day period. If no resolution is reached, the County will refer the debt to the TTC. CSS will document all debt collection efforts on its Debt Collection Payment Log.

## **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 on a quarterly basis.

## **Appeals Procedure**

### **Local Level Appeal Hearing**

Contractors have the right to request a formal hearing when they are in disagreement with the decisions included in the Final Determination Letter and/or Sanction Letter and/or applied sanctions. To request a formal hearing, please contact:

Margaret Quinn, Assistant Director  
Los Angeles County Community and Senior Services  
3175 West Sixth Street  
Los Angeles, CA 90020

Contractors 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.

Contractors have **30 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 contractor. The **10 calendar day** notice may be shortened with written consent of the hearing officer and the contractor. The contractor 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.

### **State Level Appeal**

- For WIA Contractors: WIA contractors have **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 local level appeal hearing is not held or a decision is not rendered in a timely manner as described in this procedure, the contractor 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 contractor appeals to the State Review Panel (SRP), then **CSS** will provide the State Review Panel with a file for review. Within **30 calendar days** of the receipt by the CRD of the contractor's written appeal, the SRP will review all evidence and issue a decision based on the evidence without consideration of any imposed sanctions.

- For AAA Contractors: AAA contractors may appeal adverse determinations as defined in 22 CCR § 7702 using the appeal process established by the Department of Aging in 22 CCR § 7700-166. 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