

<b>TULARE COUNTY WORKFORCE INVESTMENT BOARD, INC.</b>  <b>WORKFORCE INVESTMENT ACT</b> <b>TITLE I ACTIVITIES</b>	<b>DATE:</b>  <b>January 20, 2001</b>
	<b>SUBJECT:</b>  <b>Audit Resolution</b>

**WIB DIRECTIVE**

**WIBD-00-8**

**TO:** Service Providers

**SUBJECT:** AUDIT RESOLUTION

**EXECUTIVE SUMMARY**

**Purpose:**

This Directive transmits the policy and procedures for the resolution of audit findings and disallowed costs.

**Scope:**

This directive requires that all subrecipients expending WIA funds shall comply with federal and state audit regulations and policies.

**Effective Date:**

This directive is effective upon release.

**REFERENCES:**

- WIA Sections 184
- Title 20 Code of Federal Regulations (CFR), Federal Register, Section 667.200(b)
- Title 29 CFR Part 97
- Title 29 CFR Part 95
- Title 31, United States Code (USC) Chapter 75
- Office of Management and Budget Circulars (OMB) A133
- WIB Contracts with subrecipients (Service Providers)

**TULARE COUNTY WORKFORCE INVESTMENT BOARD, INC. (WIB) – IMPOSED REQUIREMENTS:**

This directive contains WIB-imposed requirements. These requirements are indicated by *bold, italic type*.

**FILING INSTRUCTIONS:**

Retain this directive until further notice.

**BACKGROUND:**

The subrecipients of WIA funds are required to meet the audit requirements of OMB Circular A-133. Audit findings must be resolved by the awarding entity. The Tulare County Workforce Investment Board, Inc., is therefore required to establish an audit resolution process. This process applies to resolution of TCWIB audits and any other TCWIB subrecipient audits, and other subrecipients that award WIB funds to local area subrecipients. Mail should be addressed to:

Tulare County Workforce Investment Board, Inc.  
4025 West Noble Ave., Suite A  
Visalia, CA 93277

**POLICY AND PROCEDURES:**

**Definitions:**

*Auditee*, as defined in OMB Circular A-133, is any nonfederal entity that expends federal awards that must be audited under the circular.

*Awarding* agency means (1) with respect to a grant, DOL; and (2) with respect to a subgrant or contract, the party that awarded the subgrant or contract.

*Initial Determination* is a preliminary decision on whether to allow or disallow questioned costs and resolve any nonmentary findings.

*Final Determination* is the awarding agency's final decision to disallow the cost and the status of nonmentary findings.

*Subrecipient*, in this Directive, refers to recipients of WIA funds through the TCWIB.

**General Provisions:**

The TCWIB and other subrecipients that award WIB funds to local area subrecipients must have written audit resolution policies and procedures. Audit resolution consists of a three-part process that includes the Initial Determination, an informal resolution period, and the Final Determination. The process must be completed within six months of the receipt of the final audit report. Receipt of the initial and final determinations by the auditee must be documented.

**Procedures:**

- I. Standards for TCWIB Subrecipient Audit Resolution
  - A. TCWIB must:
    - 1. Review the audit report of their subrecipients to ensure compliance with the requirements of OMB Circular A-133.

2. Establish an audit resolution file to document the disposition of reported questioned costs and corrective actions taken for all findings.
  3. **Complete a control log.** The log must contain the date of the audit, the period covered by the audit, the date of the audit was received, the auditor, the questioned costs, the administrative findings, the date or dates of the initial and Final Determinations, and documentation of decisions regarding the disallowed costs and administrative findings.
  4. **Issue a letter of initial determination based on the audit review.** The initial determination letter includes:
    - a list of all questioned costs;
    - whether the costs are allowed or disallowed including the reasons with appropriate citations for such actions;
    - acceptance or rejection of any corrective action taken to date including corrective action on administrative findings;
    - possible sanctions; and
    - the opportunity for informal resolution of no less than 60 days from the date of initial determination.
  5. During informal resolution, the auditee may provide documentation to support allowability of costs and proposed corrective action of administrative findings. Informal resolution discussions may be held by telephone, if necessary, but in person is preferable. When a meeting is held, provide a sheet for sign-in. The sign-in sheet should be retained as part of the audit file. The meeting should be documented either with a voice recording or written notes. Negotiation of repayments can be initiated at this time.
  6. Issue a written final determination. The final determination includes:
    - reference to the initial determination;
    - 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 of repayment of the disallowed costs;
    - description of the debt collection process and other sanctions that may be imposed if payment is not received;
    - rights to a hearing; and
    - the status of each administrative finding.
- B. The audit resolution process must be completed within six months after receipt of the subrecipient's audit report and must ensure that the subrecipient takes appropriate and timely corrective action.
- C. The audit file must be assembled for ease of reference in the event of future action. The file must be tabulated with the most current documentation first. The file should include the following:
- final determination and proof of receipt by the subrecipient;

- additional documentation submitted as part of the informal resolution process;
- notes related to the informal resolution;
- sign-in sheets for any informal resolution meetings;
- initial determination and proof of receipt by the subrecipient;
- response to the final audit report; and
- final audit report.

D. The TCWIB must establish local level hearing procedures. Local hearing procedures should explicitly recognize and provide for awarding agency concurrence. The TCWIB should reserve the right to overturn a hearing officer's decision where it determines that noncompliance with the WIA or Regulations still exists.

The hearing shall be conducted in an informal manner without strict rules of evidence. The hearing is informal with both parties having the right to present either written or oral testimony; the right to call and question witnesses in support of their position; the right to present oral and written arguments; the right to examine records and documents relevant to the issues; and the right to be represented. The hearing shall be recorded mechanically or by court reporter.

The auditee has 21 days after the final determination is issued to submit a written request for a hearing. A ten (10) calendar day written notice of the date and site of the hearing must be provided to the auditee. The ten-day notice may be shortened with the written consent of both parties. The auditee may withdraw the hearing request; the withdrawal request must be submitted in writing.

A decision must be issued by the hearing officer within 60 days of the request filing date.

E. If the auditee appeals the decision of the awarding agency's hearing officer to the state, the TCWIB will send the appropriate State agency the case file for review of the case.

F. *A follow-up tracking system must be established to ensure correction of any unresolved administrative findings.* The auditee should report periodically to the awarding agency regarding the unresolved administrative findings.

#### **ACTION:**

Bring this directive to the attention of all affected staff and all TCWIB subrecipients.

#### **INQUIRIES:**

Please direct inquiries about this directive to the Workforce Investment Department, at (559) 713-5200, or 1-800 367-8742.

  
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Administrator

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