



**SAN JOAQUIN COUNTY WORKNET
 EMPLOYMENT AND ECONOMIC DEVELOPMENT DEPARTMENT
 POLICIES AND PROCEDURES DIRECTIVE**

DIRECTIVE NO.	EFFECTIVE DATE	APPLICABILITY	PAGE
23-07	February 26, 2024	Departmental	1 of 5
SUBJECT: AUDIT REQUIREMENTS AND RESOLUTION			

I. PURPOSE

The purpose of this Directive is to set departmental audit resolution policies and procedures for Subrecipient Audits conducted under the Workforce Innovation and Opportunity Act (WIOA).

II. GENERAL INFORMATION

Pursuant to the Federal regulations (200.501), all non-federal subrecipients that expend \$750,000 in federal grants/funds must have an annual audit made in accordance with the requirements of the OMB Omni Circular and submit the audit to the Employment and Economic Development Department (EEDD) within 30 days of receipt of the audit.

The PPD supersedes PPD D-8 Rev. 1 Audit Requirements and Resolution Policy dated October 13, 2020 and complies with the requirements of Workforce Services Directive [\(WSD\) 20-03](#).

It is the responsibility of EEDD to review the audit and determine if there are any audit findings that affect funds allocated by EEDD. If so, the findings affecting WIOA funds must be resolved by the LWDA in accordance with the policies and procedures set forth in this Directive.

References:

- [WIOA Section 184](#)
- [Title 2 Code of Federal Regulations \(CFR\) Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(Uniform Guidance\)](#)
- [Title 20 CFR Section 683.210](#)
- [WSD20-03, Audit Requirements](#)
- [WSD22-06, Audit Resolution](#)

III. POLICY

It is the administrative policy of the EEDD to ensure subrecipient compliance with the audit and audit resolution procedures established in this directive.

IV. PROCEDURE

A. Audit Procurement

All non-federal subrecipients that receive \$750,000 or more in federal grants/funds will be required to procure their own audit. Audits must be submitted to EEDD within thirty days of completion but not later than one year after the audit period. At the end of each fiscal year, EEDD will provide a request for submission of audit to each appropriate subrecipient.

B. Audit Acceptance

Should audit findings exist that indicate noncompliance, the subrecipient will be required to take corrective action and provide the EEDD a written response addressing each audit finding.

The response to audit findings must be submitted to the EEDD within thirty days of the subrecipient's receipt of the final audit report.

1. Audit Resolution File

An Audit Resolution File will be established to document the disposition of reported questioned costs and corrective actions taken for all findings.

The Audit Resolution File will be assembled for reference in the event of future action. The file must be tabulated with the most current documentation first. It will include:

- A copy of the monitoring report substantiating the implementation of the appropriate corrective action;
- Final determination and proof of receipt by the subrecipient;
- Additional documentation and proof of receipt by the subrecipient, i.e. notes related to the informal resolution and sign-in sheets from any information resolution meeting;
- Initial determination and proof of receipt by the subrecipient;
- Response to the final audit report; and
- Final audit report.

2. Control Log

A control log will be maintained containing the date of the audit, the period covered by the audit, the date that 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.

C. Initial Determination

An EEDD staff will evaluate all available pertinent data submitted by subrecipients as a result of audit findings and issue an initial determination within sixty days after receipt of the related audit material. The initial determination will be issued to subrecipients by certified mail with a return receipt requested. At a minimum, the initial determination will include the following:

- 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;
- Time frames for finding resolution as well as possible sanctions if resolutions are not completed; and
- The opportunity for informal resolution of no more than sixty days from the date of initial determination.

D. Informal Resolution

This fifteen-day period after issuance of the initial determination will be the last opportunity for the subrecipient to submit documentation to the EEDD in support of the allowability of costs, for the relief of liability or for acceptance of corrective actions related to administrative findings before a final determination is issued.

When an informal resolution meeting is held, a sign-in sheet will be used to document those in attendance and will be kept as part of the audit file. The meeting must be documented with either written notes or a recording.

The subrecipient should be prepared to present documentary evidence to support the allowability of costs or administrative findings. Negotiation of repayments can be initiated at this time.

E. Final Determination

After informal resolution and no later than ninety days following the issuance of the audit findings to the subrecipient, the EEDD will issue a final determination to the subrecipient.

Final determinations will be issued to subrecipients by certified mail with a return receipt requested. At a minimum, the final determination will include the following

- References to the initial determination;
- Summation of the informal resolution meeting, if held;
- Decisions regarding the disallowed costs, listing each disallowed cost and noting reasons for each disallowance;
- Questioned costs that have been allowed by the EEDD and basis for allowance;
- Demand for repayment of 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.

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.

F. Local Level Hearing Procedures

After the EEDD has issued the final determination, the subrecipient has thirty calendar days to appeal the decision in accordance with the EEDD Grievance and Complaint Procedure policy and procedures directive.

At least ten calendar days before the hearing, written notice of the date and site of the hearing must be provided to the subrecipient. This notice period may be shortened with the consent of both parties. The subrecipient may withdraw the hearing request, which must be submitted in writing.

The hearing will be recorded mechanically or by a court reporter.

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

The EEDD reserves the right to overturn a hearing officer's decision where it determines that noncompliance with the applicable act or its regulations still exists.

G. Appeal Process

The subrecipient has ten days from receipt of an adverse decision to file an appeal of the local hearing officer's adverse decision to the State Review Panel. If a local hearing is not held or their decision is not rendered in a timely manner, the subrecipient has fifteen days from the date on which the hearing should have been held or the decision should have been issued to file an appeal with the State Review Panel.

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If the subrecipient appeals EEDD's hearing officer to the State, EEDD will send the Compliance Review Office (CRO) the complete audit for review by the State Review Panel.

The State will review the case in accordance with its complaint resolution system. A decision made by a State level hearing officer is final and there is no administrative appeal beyond this level.

H. Compliance Verification

EEDD will ensure correction of any unresolved administrative findings through its monitoring process and determine that appropriate corrective action has been taken. A copy of the monitoring report substantiating the implementation of the appropriate corrective action must be filed with the audit report.

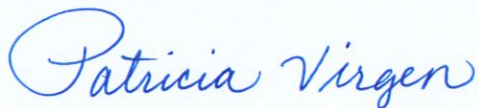
V. QUESTIONS REGARDING THIS DIRECTIVE

May be referred to the Executive Director of EEDD via Managers or designee.

VI. UPDATE RESPONSIBILITY

The Executive Director of EEDD and/or designee will be responsible for updating this directive, as appropriate.

VII. APPROVED



PATRICIA VIRGEN
EXECUTIVE DIRECTOR

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