



**DEPARTMENT OF
WORKFORCE INVESTMENT**

David Mirrione
Director

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Equal Opportunity Employer

**Operational Procedure
For**

Debt Collection

Merced County Local Workforce Development Board (LWDB) is responsible for its subrecipient audit resolution and aggressive debt collection action. At the State level, audit resolution and debt collection are the responsibility of the Employment Development Department's (EDD) Compliance Review Division (CRD).

Merced County Department of Workforce Investment (WI) will notify the subrecipients of the establishment of the debt, their appeal rights, the date that the debt will be considered delinquent, the sanctions (which may include but are not limited to debarment) if the debt is not repaid and the interest rate charged. A letter will be sent to the subrecipient within 5 working days of the Final Determination. If payment is not made within 30 days of the first letter, a second letter will be sent to the subrecipient. If payment is not received within 30 days of the second letter, a third letter will be sent advising that the matter will be turned over to Merced Treasury Department who will proceed with legal action to collect. At that time the Auditor Controller's office will include the outstanding debt in the outstanding debt category in the County's accounts receivable system.

Nonpayment of the debt within 90 days of the Final Determination will result in termination of the contract with the subrecipient.

All debt collection cases will be included in Merced County WI's database for audit resolution, which is a permanent record for audit resolution, debt collection and status of the aforementioned areas.

The settlement of all debts resulting from fraud, malfeasance, misapplication of funds or other serious violation or illegal acts must be cash from nonfederal sources. Funds collected by Merced County in settlement of such debts shall be returned to the EDD CRD if closeout of those funds has occurred. If closeout has not occurred, the necessary adjustments shall be made for future drawdowns.

Responsible Official: Deputy Director

Reviewed Date: October 1, 2010

Revised Date: March 15, 2019