

NORTEC
POLICY STATEMENT
AUDIT RESOLUTION

Effective: July 1, 1987
Last Updated: June 5, 2006

PURPOSE

The purpose of this policy is to provide guidelines to the Service Providers (NoRTEC Subrecipient) with respect to annual audit requirements and audit resolution procedures.

GENERAL INFORMATION

NoRTEC policy requires that each subrecipient submit an annual Single Audit Report in compliance with OMB A-133 for each program year in which the subrecipient receives NoRTEC funds. The report must be submitted to NoRTEC within 30 days of issuance of the report or nine months after the end of the program year being audited, whichever is sooner.

NoRTEC will review each subrecipient audit report to ensure compliance with the requirements of OMB Circular A-133. NoRTEC will attach an audit review sheet to each audit report which contains the date of the audit, the period covered by the audit, the date that the audit was received, the auditor, and whether there were any findings or questioned costs

NoRTEC will ensure correction of any unresolved administrative findings through the subrecipient 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 will be filed with the audit report.

FINDINGS

If the audit contains any reported findings resulting in questioned costs, NoRTEC will:

- A. Issue a letter of initial determination based on the audit review. The initial determination letter will include a list of all questioned costs, a determination of whether the costs are allowed or disallowed, acceptance or rejection of any corrective action taken to date, possible sanctions; and the opportunity for informal resolution of no more than 60 days from the date of initial determination.
- B. 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 a meeting is held, a sign-in sheet will be provided. The sign-in will be retained as part of the audit file. The meeting will be documented

either with a voice recording or written notes. Negotiation of repayments can be initiated at this time.

- C. Following the information resolution process, NoRTEC will issue a written final determination. The final determination will include:
 - 1. An invoice issued by the NoRTEC Administrative Entity;
 - 2. Summation of the informal resolution meeting, if held;
 - 3. Decisions regarding the disallowed costs, listing each disallowed cost and noting the reasons for each disallowance;
 - 4. Questioned costs that have been allowed by the awarding agency and the basis for the allowance;
 - 5. Demand for repayment of the disallowed costs;
 - 6. Description of the debt collection process and other sanctions that may be imposed if payment is not received;
 - 7. Rights to a hearing; and
 - 8. The status of each administrative finding.
- D. The audit resolution process will be completed within six months after receipt of the subrecipient's audit report and will ensure that the subrecipient takes appropriate and timely corrective action.
- E. An audit resolution file resolution file will be established to document the disposition of reported questioned costs and corrective actions taken for all findings. The audit file will be tabulated with the most current documentation first, and will include the following:
 - 1. Final determination and proof of receipt by the subrecipient;
 - 2. Additional documentation submitted as part of the informal resolution process;
 - 3. Notes related to the information resolution;
 - 4. Sign-in sheets for any informal resolution meetings;
 - 5. Initial determination and proof of receipt by the subrecipient;
 - 6. Response to the final audit report;
 - 7. The final audit report.
- F. The auditee has 30 calendar days after the final determination is issued to submit a written request for a hearing.
 - 1. At least 10 calendar days before the hearing, written notice of the date and site of the hearing will be provided to the auditee. The ten-day notice may be shortened with the written consent of both parties.

2. The auditee may withdraw the hearing request; the withdrawal request will be submitted in writing.
 3. The Executive Committee of the NoRTEC Workforce Investment Board will serve as the hearing officer.
 4. The hearing will allow both parties the right to present 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 will be recorded mechanically or by court reporter.
 5. The NoRTEC Governing Board reserves the right to overturn the hearing officer's decision where it determines that noncompliance with the Act or Regulations still exists.
 6. A decision will be issued by NoRTEC within 60 days of the request filing date.
 7. The auditee may appeal NoRTEC's decision to the State Review Panel. The auditee has 10 days to file an appeal.
 8. If a local hearing is not held or the decision is not rendered timely, the auditee has 15 days from the date on which the hearing should have been held to file an appeal with the State Review Panel.
 9. NoRTEC will send the EDD Compliance Review Division the complete audit for review by the State Review Panel if the auditee appeals the decision of NoRTEC to the State.
- G. In order to track the resolution of these findings, NoRTEC will enter the following information regarding the audit in the Audit Control Log:
1. The date of the audit;
 2. The period covered by the audit;
 3. The date that the audit was received;
 4. The auditor;
 5. The questioned costs;
 6. The administrative findings;
 7. The date or dates of the Initial and Final Determinations; and
 8. Documentation of decisions regarding the disallowed costs and administrative findings.