

Discussion and Appropriate Action Regarding Revision to Corrective Action and Sanctions Policy – Indirect/Nondirect Costs

Background

WFSCA's Board Management Policy Chapter 1.22 – Corrective Action and Sanctions currently provides for corrective action and sanctions for contractor noncompliance. The policy also provides for suspension of contractor profit or performance incentives while a contractor is under corrective action or sanction status.

The Board's current RFP and contract provide broader authority to withhold contract funds, such as indirect funding. Staff would like to revise Chapter 1.22 to more clearly address the use of indirect cost withholding as a potential sanction for operational, performance, or compliance deficiencies.

Discussion

Staff propose developing a graduated sanction framework rather than an automatic financial penalty. The framework may progress from corrective action for initial or minor noncompliance to withholding a portion of indirect costs for unresolved, repeated, or serious noncompliance.

The revised policy would establish the Board-approved authority and parameters for these sanctions while allowing the CEO or designee to determine the appropriate sanction based on the circumstances.

Board staff have run the ability to withhold indirect with our legal counsel and it was confirmed that our Request for Proposal, contract language, and policy allow for the withholding of indirect funding. The suggestion was to explicitly state the process for the trigger to withhold these funds is within our policy.

Recommendation

Authorize staff to revise Management Policy Chapter 1.22 to incorporate a graduated framework that includes indirect or nondirect cost withholding as a potential contractor sanction.

Action

Motion to authorize Board staff to revise Management Policy Chapter 1.22 – Corrective Action and Sanctions, with the final revised policy to be presented to the Board for approval in October.

Reference

Workforce Solutions – Capital Area Workforce Board, Management Policy Chapter 1.22 – Corrective Action and Sanctions.