**Section 2600.50 Sanctions Policy**

In accordance with 56 Ill. Adm. Code 2630.122, the Department is held responsible for all funds under the Act. In order to carry out this responsibility, the Department shall provide for sanctions when grantees fail to comply with applicable laws, regulations, and policies. The purpose of having a sanctions policy is the same as that for having technical assistance and corrective action strategies in that the final intent is to help grantees correct performance deficiencies and/or move into compliance with a particular portion of the Act or regulations. Thus, the focus is not punitive. As long as grantees are implementing the corrective action plans approved by the Department, sanctions will be avoided. The corrective action environment is one in which the grantee negotiates with the Department on activities to be undertaken to correct performance deficiencies. In the sanctions environment, the Department takes a more forceful role in determining what actions a grantee shall take to correct problems.

a) Definitions – The following definitions are applicable to this Section:

"Indication of Problem" – The point at which a compliance problem is identified.

"Intermediate Activity(ies)" – The initial action(s) to be taken by the State and the grantee in turn in order to rectify an identified deficiency.

"Performance Exception" – The specific activity/performance which shall be monitored by the Department, and to which sanctions may be applied.

"Sanction(s)" – The particular action(s) which shall be taken by the Department when deficiencies remain uncorrected.

"State Intervention Authority" – Citation(s) to the Act, federal regulations, and/or State rules which provide the authority for the Department to impose sanctions for unacceptable performance in a given area.

b) Following are specific areas of performance which are subject to Department sanctions.

1) Reporting

A) Performance Expectation – In accordance with 56 Ill. Adm. Code 2610.130(b), grantees shall enter participant and expenditure data into the JTPA– II management information system (MIS) and direct subgrantee reporting system (DSGR) by the thirtieth day of the month following the month in which the participant transaction or expenditure occurred. Manual reports shall also be submitted by this date.

B) Indication of Problem – The following are indicative of failure to meet the performance expectation as defined in subsection (b)(1)(A) above:

i) cash draws exceed reported expenditures by 5% for any month;

ii) based on the quarterly data entry performance summary reports, less than 90% of enrollments, training and service records or termination records were entered in the JTPA– II MIS within four (4) weeks after their creation;

iii) based on manual logs, manual expenditures or participant reports, the reports are submitted late;

iv) based on comparison of close– out submission with DSGR's content as of July 30, there is under– or over– reporting of 10% or greater.

C) Intermediate Activities – When a grantee fails to meet the performance expectation, one or more of the following steps shall be taken in an effort to redress the problem(s).

i) The Department shall notify the grantee, the Private Industry Council (PIC) and the chief elected official (CEO) in writing of the problem(s).

ii) The Department shall offer technical assistance.

iii) The grantee shall develop a corrective action plan.

iv) The Department shall monitor the grantee's implementation of the corrective action plan.

v) The Department shall measure performance to determine if the problem has been corrected.

vi) The grantee shall revise the corrective action plan if that plan has not solved the problem as determined by the Department.

D) Implementation of Corrective Action – Timelines for implementing corrective action shall depend on the measurement cycle, which may be monthly, quarterly or annually and the nature of the corrective action plan.

E) State Intervention Authority – In accordance with Sections 164(a)(1) and (e)(2)(C) of the Act and Job Training Partnership Act (JTPA) regulations found in 20 CFR 629.35 (April 1, 1991 edition), the Department shall impose sanctions for unacceptable performance.

F) Sanctions – Sanctions shall be triggered by failure to implement the corrective action plan and/or the repeated failure of corrective action to eliminate the problem identified. Sanctions include:

i) withholdig cash until expenditures are balanced with requests;

ii) revoking a portion of the administrative plan until the grantee acquires needed resources;

iii) imposing contracting policy changes designed to encourage timely reporting by service providers.

2) Performance Standards

A) Performance Expectation – In accordance with 56 Ill. Adm. Code 2610.100(b)(3), Title IIA grant recipients shall meet or exceed three of the four core adult follow– up measures and one of the two core youth measures for the program year. In accordance with 56 Ill. Adm. Code 2525.60(f)(4), Title IIIA substate grantees (SSGs) shall meet or exceed both of the U.S. Department of Labor (USDOL) performance measures for the program year.

B) Indication of Problem – The problem is indicated by failure to meet the performance expecation as defined in subsection (b)(2)(A) above.

C) Intermediate Activities – When a grantee fails to meet the performance expectation, one or more of the steps listed in subsection (b)(1)(C)(i) through (vi) of this Section shall be taken.

D) Implementation of Corrective Action – Failure to meet performance standards in the second quarter shall initiate the corrective action plan process and performance shall be monitored on a quarterly basis. First year failure by the grantee requires a formal strategy be developed to avoid failure in the second year of the two– year plan.

E) State Intervention Authority – In accordance with Section 106(h) of the Act and JTPA regulations found in 20 CFR 629.46 (April 1, 1991 edition), the Department shall impose sanctions for unacceptable performance.

F) Sanctions – Sanctions shall be triggered by: performance standards not being met for the second consecutive year, failure to implement a corrective action plan and/or refusal to cooperate with a reorganization plan. Sanctions include:

i) reorganization of the PIC;

ii) selection of a new administrative entity;

iii) selection of a new grant recipient or SSG;

iv) prohibition against the use or continued use of certain service providers;

v) designation of resources to specific program interventions;

vi) redesignation of the SDA or SSA.

3) Program Limitations

A) Performance Expectation – Grantees shall maintain systems to ensure compliance with time limitations of participant activities in all JTPA titles and limitations in Section 108 of the Act.

B) Indication of Problem – Violation of the program limitations cited in monitoring reports and letters or audit reports are indicative of failure to meet the performance expectation as defined in subsection (b)(3)(B).

C) Intermediate Activities – When a grantee fails to meet the performance expectation, one or more of the following steps shall be taken in an effort to rectify the problem(s).

i) The Department shall review JTPA– II reports.

ii) The Department shall review audit and monitoring workpapers.

iii) The Department and the grantee shall meet with the local administrator.

iv) The Department and the grantee shall meet with the PIC Chair and CEO.

v) The Department shall disallow costs.

D) Implementation of Corrective Action – Grantees shall respond to monitoring and audit reports within 30 calendar days.

E) State Intervention Authority – In accordance with Sections 108, 204, and 205 of the Act, the Department shall impose sanctions for unacceptable performance.

F) Sanctions – Sanctions shall be triggered by failure to meet specified program limitations as cited in the Act and/or failure to reimburse disallowed costs. Sanctions include:

i) withholding cash;

ii) deducting liability from future cash payments.

4) Program Documentation

A) Performance Expectation – Grantees shall have adequate documentation to support proper allowability and classification of costs, proper reporting of costs, participant program eligibility and termination reasons.

B) Indication of Problem – Lack of documentation in areas that are identified in monitoring reports or audit reports is indicative of failure to meet the performance expectation defined in subsection (b)(4)(A) of this Section.

C) Intermediate Activities – When a grantee fails to meet the performance expectation, one or more of the following steps shall be taken in an effort to rectify the problem(s).

i) The Department shall issue monitoring reports and audit reports.

ii) The grantee shall respond to monitoring and audit reports.

iii) The grantee shall develop a corrective action plan.

iv) The Department shall follow up on response to monitoring/audit reports.

v) The Department and the grantee shall meet with the local administrator.

vi) The Department and the grantee shall meet with the PIC Chair and CEO.

vii) The Department shall disallow costs.

D) Implementation of Corrective Action – Grantees shall respond to monitoring reports within 30 calendar days and implement corrective action within 45 calendar days after receipt of the corrective action plan.

E) State Intervention Authority – In accordance with Sections 164(a)(1) and (b)(1) and Sections 165 (c)(1) and (2) of the Act and JTPA regulations found in 20 CFR 629.35 (April 1, 1991 edition), the Department shall impose sanctions for unacceptable performance.

F) Sanctions – Sanctions shall be triggered by failure to meet specified time limits or requirements on monitoring reports and corrective action and/or failure to reimburse disallowed costs. Sanctions include:

i) revoking the two-year plan or part of the plan as necessary;

ii) withholding cash requests;

iii) deducting liability from future cash payments.

5) Program Procurement

A) Performance Expectation – In accordance with 56 Ill. Adm. Code 2630.82, a grantee shall follow all necessary State and federal procurement policies and procedures.

B) Indication of Problem – Violation of State and federal procurement policies and procedures as referenced is indicative of failure to meet the performance expectation defined in subsection (b)(5)(A) above.

C) Intermediate Activities – When a grantee fails to meet the performance expectation, one or more of the following steps shall be taken in an effort to rectify the problem(s).

i) The Department shall issue monitoring and audit reports.

ii) The grantee shall respond to monitoring and audit reports.

iii) The grantee shall develop a corrective action plan.

iv) The Department shall follow up on implementation of the corrective action plan.

v) The Department and the grantee shall meet with the local administrator.

vi) The Department and the grantee shall meet with the PIC Chair and CEO.

vii) The Department shall disallow costs.

D) Implementation of Corrective Action – Grantees shall respond to monitoring reports within 30 calendar days and implement corrective action within 45 calendar days after receipt of the corrective action plan.

E) State Intervention Authority – In accordance with Sections 164(a)(1) and (b)(1) of the Act and JTPA regulations found in 20 CFR 629.35 (April 1, 1991 edition), the Department shall impose sanctions for unacceptable performance.

F) Sanctions – Sanctions shall be triggered by failure to meet specified time limits or requirements on monitoring reports and corrective action plans. Sanctions include:

i) revocation of the two-year plan or part of the plan as necessary;

ii) withholding cash requests;

iii) deducting liability from future cash payments.

6) Cash Balance

A) Performance Expectation – Grantees shall maintain a daily cash balance for immediate cash needs only.

B) Indication of Problem – Cash on hand in excess of the amount determined through Department monitoring to be necessary and reasonable for immediate cash needs is indicative of failure to meet the performance expectation defined in subsection(b)(6)(A) above.

C) Intermediate Activities – When a grantee fails to meet the performance expectation, one or more of the following steps shall be taken in an effort to rectify the problem(s).

i) The Department shall review monitoring and audit reports.

ii) The Department and the grantee shall meet with the local administrator.

iii) The Department and the grantee shall meet with the PIC Chair and CEO.

D) Implementation of Corrective Action – Grantees shall respond within 30 calendar days to monitoring and audit reports and correct the deficiency within 45 calendar days after receipt of the corrective action plan.

E) State Intervention Authority – In accordance with Section 205 of the Act, JTPA regulations found in 20 CFR 629.31(b) (April 1, 1991 edition), and the U.S. Department of the Treasury Circular TC 1075-1 (31 CFR 205), the Department shall impose sanctions for unacceptable performance.

F) Sanctions – Sanctions shall be triggered by non-compliance with the requirements relating to cash balances within 30 calendar days of implementation of the corrective action plan, as verified by on-site monitoring of current daily cash balances. Sanctions include:

i) justification for each cash draw;

ii) submission of a new or revised system of forecasting cash needs;

iii) return of excess cash.

7) Cost Limitations

A) Performance Expectation – Grantees shall maintain compliance with program cost limitations specified in 56 Ill. Adm. Code 2630.102.

B) Indication of Problem – Audit and monitoring exceptions regarding cost categories and limitations and close-out reports are indicative of failure to meet the performance expectation defined in subsection (b)(7)(A) above.

C) Intermediate Activities – When a grantee fails to meet the performance expectation, one or more of the following steps shall be taken.

i) The Department shall review monitoring and audit reports, close-out documents and tracking reports.

ii) The Department and the grantee shall meet with the local administrator.

iii) The Department and the grantee shall meet with the PIC Chair and CEO.

iv) The Department shall disallow costs.

D) Implementation of Corrective Action – Grantees shall respond to the monitoring/audit reports within 30 calendar days and shall correct the deficiency within 45 calendar days after the receipt of the corrective action plan.

E) State Intervention Authority – In accordance with Section 108 of the Act and JTPA regulations found in 20 CFR 629.39 (April 1, 1991 edition), the Department shall impose sanctions for unacceptable performance.

F) Sanctions – Sanctions shall be triggered by failure to meet specified time limits or requirements and corrective action and/or failure to reimburse disallowed costs. Sanctions include:

i) withholding cash;

ii) deducting liability from future payments.

8) Cost Allocation

A) Performance Expectation – Grantees shall assign costs per their cost allocation formula in accordance with 56 Ill. Adm. Code 2630.111.

B) Indication of Problem – Audit and fiscal monitoring reports noting discrepancy(ies) in assigning costs as required in the cost allocation formula are indicative of failure to meet the performance expectation defined in subsection (b)(8)(A).

C) Intermediate Activities – When a grantee fails to meet the performance expectation, one or more of the following steps shall be taken.

i) The Department shall review audit/monitoring reports.

ii) The Department and the grantee shall meet with the local administrator.

iii) The Department and the grantee shall meet with the PIC Chair and CEO.

iv) The Department shall disallow costs.

D) Implementation of Corrective Action – Grantees shall respond to the monitoring/audit reports within 30 calendar days and shall correct the deficiency within 45 calendar days after the receipt of the corrective action plan.

E) State Intervention Authority – In accordance with 56 Ill. Adm. Code 2630.111, the Department shall impose sanctions for unacceptable performance.

F) Sanctions – Sanctions shall be triggered by failure to meet specified time limits or requirements and corrective action and/or failure to reimburse disallowed costs. Sanctions include:

i) withholding cash;

ii) deducting liability from future payments.

9) Cost Charging

A) Performance Expectation – In accordance with Subparts B and C of 56 Ill. Adm. Code 2630, grantees shall charge all costs only once and according to classifications.

B) Indication of Problem – Audit and monitoring reports indicating problems in multiple charging of costs or charging costs to improper classifications are indicative of failure to meet the performance expectation defined in subsection (b)(9)(A) above.

C) Intermediate Activities – When a grantee fails to meet the performance expectation, one or more of the following steps shall be taken.

i) The Department shall review audit/monitoring reports.

ii) The Department and the grantee shall meet with the local administrator.

iii) The Department and the grantee shall meet with the PIC Chair and CEO.

iv) The Department shall disallow costs.

D) Implementation of Corrective Action – Grantees shall respond to monitoring/audit reports within 30 calendar days and shall correct the deficiency within 45 calendar days after the receipt of the corrective action plan.

E) State Intervention Authority – In accordance with JTPA regulations found in 20 CFR 629 (April 1, 1991 edition) and 20 CFR 631 (April 1, 1991 edition), the Department shall impose sanctions for unacceptable performance.

F) Sanctions – Sanctions shall be triggered by multiple charging of costs or improper classification of costs and/or failure to reimburse disallowed costs. Sanctions include:

i) withholding cash;

ii) deducting liability from future payments.

10) Substantial Segments

A) Performance Expectation – Grantees shall provide employment training services and opportunities to those who can benefit and are most in need, and to the identified substantial segments of the eligible population as contracted in the two– year plan.

B) Indication of Problem – Failure to serve substantial segments with variance greater than 15% below incidence level in eligible populations is indicative of failure to meet the performance expectation defined in subsection (b)(10)(A).

C) Intermediate Activities – When a grantee fails to meet the performance expectation, one or more of the following steps shall be taken.

i) The Department shall notify the grantee, PIC, and CEO of the problem and offer technical assistance.

ii) The Department shall require development of a corrective action plan.

iii) The Department shall monitor implementation of the corrective action plan.

iv) The Department shall measure performance to determine if the problem has been corrected.

v) The grantee shall revise the corrective action plan if it has not solved the problem as determined by the Department.

D) Implementation of Corrective Action –

i) Within 45 calendar days after the notification of deficiency, the grantee shall develop and submit a corrective action plan to the Department;

ii) Within 1 quarter after the plan development, the grantee shall begin implementing the corrective action plan;

iii) Within 2 quarters after implementation of the corrective action plan, if no improvement is measured, the grantee shall be required to revise the corrective action plan and obtain additional technical assistance;

iv) Within one month after the receipt of the corrective action plan, the Department shall respond to the revised corrective action plan.

E) State Intervention Authority – In accordance with Sections 141(a) and 164(b)(1) of the Act and contracts with the Department, the Department shall impose sanctions for unacceptable performance.

F) Sanctions – Sanctions shall be triggered by failure to implement a corrective action plan and/or refusal to alter a corrective action plan if no improvement is measured. Sanctions include:

i) revocation of the plan or part of the plan;

ii) prohibition from the use of certain service providers;

iii) designation of resources to specific program interventions.

11) Program and Administration Procedures

A) Performance Expectation – Grantees shall address problems in program and administration procedures as identified in monitoring reports, issued by the Department or the USDOL, and audit reports.

B) Indication of Problem – Failure to respond to monitoring reports and audit reports within specified timelines and/or follow– up reviews by the Department which show that the agreed to corrective action plan was not implemented are indicative of failure to meet the performance expectation defined in subsection (b)(11)(A) above.

C) Intermediate Activities – When a grantee fails to meet the performance expectation, one or more of the following steps shall be taken.

i) The Department shall send correspondence to the grantee to warn the grantee of non-compliance.

ii) The Department and the grantee shall meet with the local administrator.

iii) The Department and the grantee shall meet with the PIC Chair and CEO.

D) Implementation of Corrective Action – Grantees shall respond to monitoring/audit reports within 30 calendar days and correct the deficiency within 45 calendar days after the receipt of the corrective action plan.

E) State Intervention Authority – In accordance with Section 164(c)(2)(d) of the Act and JTPA regulations found in 20 CFR 629.43(b) (April 1, 1991), the Department shall impose sanctions for unacceptable performance.

F) Sanctions – Sanctions shall be triggered by failure of the grantee to respond to monitoring/audit reports and/or failure to take stipulated corrective action. Sanctions include:

i) restriction of cash drawdowns;

ii) revocation of the plan or a part of the plan;

iii) reorganization of the SDA or SSA.

12) PIC Membership

A) Performance Expectation – PIC membership requirements shall be met in accordance with 56 Ill. Adm. Code 2600.40.

B) Indication of Problem – Vacancies on PICs which exist after 90 days and/or membership which falls below the guidelines as set forth in 56 Ill. Adm. Code 2600.40(e) are indicative of failure to meet the performance expectation defined in subsection (b)(12)(A) above.

C) Intermediate Activities – When a PIC's membership fails to meet the performance expectation, the Department shall send a letter to the PIC Chair and CEOs warning them of possible decertification.

D) Implementation of Corrective Action – The PIC has 90 calendar days after receipt of a letter from the Department warning them of possible decertification to meet requirements with an additional warning letter being issued at 60 calendar days.

E) State Intervention Authority – In accordance with Section 102 of the Act and JTPA regulations found in 20 CFR 628.2 (April 1, 1991), the Department shall impose sanctions for unacceptable performance.

F) Sanctions – Sanctions shall be triggered by failure to comply with the decertification warning letter and timelines. The Governor shall select PIC members to meet necessary requirements.

13) Civil Rights Complaints

A) Performance Expectation – In accordance with 56 Ill. Adm. Code 2610.120(c), Civil Rights Complaint Reports shall be completed and submitted to the Department.

B) Indication of Problem – When a grantee does not submit reports within prescribed timelines, it is indicative of failure to meet the performance expectation defined in subsection (b)(13)(A) above.

C) Intermediate Activities – When a grantee fails to meet the performance expectation, one or more of the following steps shall be taken in an effort to rectify the problem(s).

i) The Department shall notify the grantee in writing that the grantee shall prepare and submit a Civil Rights Complaint Report.

ii) The Department shall meet with the PIC and CEO regarding the problem and offer technical assistance.

iii) The Department shall review the summary report submitted to the Illinois Job Training Coordinating Council (IJTCC).

D) Implementation of Corrective Action – The grantee shall submit a corrective action plan within 5 calendar days following the end of the quarter and implement corrective action within 30 calendar days.

E) State Intervention Authority – In accordance with Section 164(B)(1) of the Act, the Department shall impose sanctions for unacceptable performance.

F) Sanctions – Sanctions shall be triggered by failure to prepare and submit a Civil Rights Complaint Report within prescribed timelines. The sanction is plan revocation.

14) Coordination Agreements

A) Performance Expectation – In accordance with 56 Ill. Adm. Code 2610.60 and 2610.Appendix A, the grantees/administrative entities shall negotiate and/or modify coordination agreements with mandated agents in accordance with the Governor's Coordination Criteria within specified timelines.

B) Indication of Problem – When a grantee does not reach agreement on the contents of a coordination agreement, resulting in failure of a signed agreement being submitted with their plan or modification, it is indicative of failure to meet the performance expectation defined in subsection (b)(14)(A) above.

C) Intermediate Activities – When a grantee fails to meet the performance expectation, one or more of the following steps shall be taken.

i) For the two-year plan, if coordination agreements are not included in the preliminary plan, Department staff shall contact SDAs to determine the nature of the problem. If the problem is such that the SDA does not anticipate resolution in sufficient time for inclusion in the final plan, unless the nature of problem is routing for signatures, staff shall advise SDAs to discuss with the PIC/local elected official (LEO) and shall consult with the coordinating agent for perspective. The coordinating agent shall be advised to contact the central office of the State agency, as appropriate, to discuss the problem.

ii) The grantee shall report, in writing, to the Coordination Committee on the nature of the problem(s) and efforts to date to resolve them. The SDA/coordinating agent may submit a one page perspective briefing to the Coordination Committee if desired.

iii) If coordination agreements are not finalized by June 30, SDA and coordinating agents' representatives involved in the disagreement shall be requested to present their views at the Coordination Committee meeting at which the Coordination Committee shall attempt to provide assistance in the resolution of issue(s).

iv) The IJTCC shall act on Coordination Committee recommendations. Letters shall then be transmitted to the SDAs/coordination agents.

D) Implementation of Agreements – The grantee shall submit the preliminary agreements in March and the final agreement in April, biennially, in accordance with the two-year planning cycle.

E) State Intervention Authority – In accordance with Sections 105(b)(1)(E) and 122(b)(3) of the Act, the Department shall impose sanctions for unacceptable performance.

F) Sanctions – Sanctions shall be recommended by the Coordination Committee to the IJTCC which shall endorse the recommendation. Sanctions include:

i) plan disapproval;

ii) plan revocation.

c) Appeals – The following steps outline the general appeal process relative to sanctions.

1) The Department shall mail a letter to the grantee announcing sanctions. A copy of the letter shall be mailed to the PIC Chair and CEO.

2) The grantee has 30 working days to submit an appeal of the sanction. Informal resolution of any differences is encouraged during this time.

3) A formal hearing shall be scheduled to convene within 30 working days after the receipt of the appeal.

4) The grantee shall make every effort possible to attend the formal hearing. However, if this is not possible, a 48-hour prior notice shall be given to the Department and the hearing can be rescheduled for just cause as determined by the hearing officer. Otherwise, the formal hearing shall be held in the absence of the grantee.

5) The hearing officer's decision shall be mailed to the grantee, PIC Chair and CEO within 30 working days after the hearing.

6) Sanctions imposed because of the failure to meet performance standards for the second year may be appealed to the Secretary of the USDOL (Secretary) per Section 106(h) of the Act. Revocation of all or part of a plan because the Governor determines there is a substantial violation of a specific provision of he Act or regulations as a result of financial and compliance audits, or otherwise, may be appealed to the Secretary per Section 164(b) of the Act.

(Source: Amended at 17 Ill. Reg. 6483, effective April 9, 1993)