

SANCTION POLICY**ATTACHMENT "B"**

This sanction policy sets forth policies and procedures for the contract agreements administered by A4AA. A sanction results from failure by a Service Provider to comply with the terms of the contractual agreement. The intent of A4AA is to work cooperatively with a Service Provider in order to prevent the need or imposition of a sanction. Sanction actions may include:

- 1) Withholding of funds,
- 2) Suspension of funds,
- 3) Reduction of funds,
- 4) Ineligibility for Augmentation or One-Time-Only (OTO) funding
- 5) Termination.

(A.) OBJECTIVE OF SANCTION POLICY

- 1) To protect the interests of older persons who are recipients of the Service Provider's services;
- 2) To protect and preserve funds committed to a program; and
- 3) To assure prompt corrective action by a Service Provider who has materially failed to comply with any of the terms of the contract.

(B.) CONDITIONS LEADING TO SANCTION

Non-compliance that may result in imposition of a sanction includes but is not limited to the following actions by a Service Provider:

- 1) A violation of law or failure to comply with any condition of this Contract Agreement.
- 2) Evidence of such an unsatisfactory financial condition as to endanger performance of the contract.
- 3) Unsatisfactory program performance (per A4AA Performance Standards Policy).
- 4) Failure to comply with Program and/or Fiscal reporting requirements including audits;
 - a. Report has not been received by the due date; or
 - b. Report is unacceptable due to incompleteness or inaccuracy.
- 5) Failure to comply with applicable federal/state/A4AA regulations/policies.
- 6) Failure to comply with A4AA insurance requirements.
- 7) Failure to comply with corrective action recommendations identified in A4AA Program or Fiscal evaluations.
- 8) Delinquency in payment of any expenses incurred in the performance of work under the agreement.
- 9) Appointment of a trustee, receiver, or liquidator for all or a substantial part of the Service Provider's property.
- 10) Institution of bankruptcy, reorganization, arrangement of liquidation by or against the Service Provider.
- 11) Service of any writ of attachment, levy of execution, or commencement of garnishment proceedings against the Service Provider's assets or income.
- 12) Finding of debarment or suspension.

- 13) Other failure to perform in good faith under the contract.

A Service Provider determined by A4AA to be "high risk" as described in 45 CFR, Part 92.12 for local government and 45 CFR, Part 74.14 for non-profits may be subject to special conditions or restrictions. Failure to comply with such conditions or restrictions may result in the imposition of a sanction.

(C.) SANCTIONS

Failure to meet any of the above requirements or follow prescribed corrective action may result in sanctions. A4AA may also use any other remedies as may be legally available and appropriate within the circumstances.

The Service Provider's Executive Director and board of directors' chair/president shall receive written notice of any sanction action. A copy of the written notification will be made a part of the Service Provider's contract file. Members of the Joint Program Evaluation Committee (JPEC) shall be notified of any sanction actions through their monthly reports. The A4AA Advisory Council and Governing Board shall be advised of any sanction actions through the quarterly JPEC reports.

- 1) **Withhold**. The withholding of funds is a temporary delay in the honoring of a Service Provider's request for funds. It is imposed when a Service Provider fails to comply with A4AA policies or procedures. The A4AA Executive Director has the authority to implement a withholding action.
 - a) A withhold may be imposed immediately.
 - b) A withhold will be lifted upon confirmation that the Service Provider has taken adequate required corrective action.
- 2) **Suspension**. A suspension is a temporary withdrawing of a Service Provider's authority to obligate and/or expend contract agreement funds pending corrective action by the Service Provider or termination of the contract. The A4AA Executive Director has the authority to initiate a suspension action.
 - a) A4AA may suspend the contract agreement in whole or in part. The written Notice of Suspension will state the reason(s) for the suspension, the corrective action(s) required of the Service Provider, the effective date of the suspension, allowable obligations and expenditures and related information.
 - b) Only costs specifically designated by A4AA as allowable under terms of the suspension will be honored. Final determination of allowable costs will be made at project closeout, subject to audit.
 - c) New obligations incurred by the contractor during a suspension period will not be allowed unless A4AA expressly authorizes such costs in the Notice of Suspension, or an amendment to it. A4AA may allow necessary and otherwise allowable costs which the contractor could not reasonably avoid during the suspension period, if such costs result

from obligations properly incurred by the contractor before the effective date of the suspension and not in anticipation of suspension.

- d) A suspension shall remain in effect until the Service Provider takes corrective action, gives evidence that such corrective action will be taken, or until A4AA terminates the contract. No program shall be considered for refunding while under suspension.
- 3) **Contract Agreement Reduction.** Contract agreement reduction is a reduction in funding and scope of service level when a Service Provider fails to meet minimum requirements of the performance standards (per A4AA Performance Standards policy). Reductions may be made for the balance of a contract year or may be carried over for the following contract agreement year. The A4AA Governing Board must approve all such contract agreement reductions.
 - 4) **Ineligibility for Augmentation or One-Time-Only Funding.** A Service Provider may be excluded from receiving augmentation funds or applying for One-Time-Only funding if:
 - a) Program's performance cumulative level, at the end of the second quarter, is below 100% of their contracted Scope of Services;
 - b) Previous year's audit requirements have not been met or the Service Provider does not have an approved plan for meeting the requirements;
 - c) Fiscal and/or Program reporting requirements have not been satisfied; or
 - d) A current inventory list has not been submitted to A4AA.
 - 5) **Termination.** Termination of a contract agreement means the permanent withdrawing of a contractor's authority to obligate previously awarded funds before that authority would otherwise expire. The A4AA Governing Board must approve any contract agreement termination. See Terms and Conditions Article XVI for further details on the termination process.

(D.) WAIVER POLICY

Exceptions to the Sanction Policy may be implemented as approved by the Executive Director, for extenuating or unforeseen circumstances, including, but not limited to the following: delays in the State or federal budgets; loss of other funding; staffing issues such as, illness, or death, and/or disasters or emergencies.