COS Guide to Corrective Action Plans

# **What is Correction, Corrective Action Plan, and Directed Corrective Action Plan?**

## **Correction**:

Action taken to correct a problem.

## **Corrective Action Plan (CAP)**:

A CAP is realizing and defining a problem, determining its underlying cause, taking appropriate action to correct the problem, and implementing preventative actions to prevent it from reoccurring. It modifies essential policies, procedures, and/or protocols.

## **Directed Corrective Action Plan (DCAP)**:

A DCAP is issued when a revised CAP does not adequately address the findings identified during the monitoring review.

# Why are CAPs Required?

CAPs are a requirement of the Texas Administrative Code if requested by the Texas Workforce Commission (TWC). Per Rule §[858.8](https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Ftexreg.sos.state.tx.us%2Fpublic%2Freadtac%24ext.TacPage%3Fsl%3DR%26app%3D9%26p_dir%3D%26p_rloc%3D%26p_tloc%3D%26p_ploc%3D%26pg%3D1%26p_tac%3D%26ti%3D40%26pt%3D20%26ch%3D858%26rl%3D8&data=05%7C02%7Cfrances.manor%40twc.texas.gov%7Cb6981749186244ccb93908dc42c44237%7Cfe7d3f4f241b4af184aa32c57fe9db03%7C0%7C0%7C638458657896883407%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=UjG6B4rX44ke5C21ko%2F5oEnyVhkTwUKoDZEDe0%2FgEyo%3D&reserved=0), “If requested by the Agency, the contractor shall prepare and implement a corrective action plan to address and remedy all deficiencies or violations in a timely manner in response to findings of deficiencies by the Agency or other federal or state oversight authorities. The corrective action plan must be acceptable to the Agency. The Agency may subsequently monitor and document the contractor’s compliance with the corrective action plan as accepted.” It’s good business practice to mitigate the risk of errors and ensure effective internal controls.

# When are you required to submit a CAP?

A CAP is required to be submitted to remedy a finding identified during the monitoring review that is reported on the Findings Report. The Lead Monitor (LM) will send a Preliminary Report to the contractor to give you an opportunity to respond to the identified findings. No CAP is required for the Preliminary Report. Following the Preliminary Report is the Findings Report that that may be a revised version of the Preliminary Report if findings are successfully refuted and includes:

* Finding (description of the deficiency),
* Standard or Criteria (citation of the requirements that were not met),
* Customer Cases Affected (if applicable),
* Direction for action the contractor must take to remedy or fix the problem, and
* Contractor Response (write your corrective action plan / response here).

# What are Contract Oversight and Support’s (COS’s) CAP timeframes?

When a CAP is required to be submitted to remedy a finding you will have 20 business days from receipt of the Findings Report to submit your CAP. If the Findings Report contains an improper payment, the repayment must also be made within 20 business days unless you file an appeal or establish a payment plan.

# What should be included in a CAP (general best practice includes who, what, when, where, why, how, how often and is it SMART)?

A CAP should be S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, Timebound). SMART goals enable you to remain focused and manage time and resources to ensure you reach your goals effectively and efficiently. A CAP should also respond directly to the finding and its recommendation(s) and provide specific and realistic timeframes for implementation. Quality management should be built into the CAP to prevent a reoccurrence of the finding and to remain in compliance.

Prior to writing the CAP, it is important to take time to think critically about why the issue(s) is occurring. Identify the root cause of the problem and consider how it affects stakeholders.

When addressing the findings, it’s critical to take time to adequately define the problem using who, what, when, where, why, how, and how often.

* Who is involved in implementing the corrective action plan?
* What should be done to correct the finding?
* When (at what point) in the process should the CAP be carried out?
* Where should the corrective action documentation take place?
* How can we ensure the CAP prevents future reoccurrences of the finding?
* How often is the contract violation occurring and how often should the quality assurance aspects of the CAP be carried out?

There are several steps that you should take to develop a successful CAP.

1. Developing and implementing an interim plan – Allows you to test workable solutions to the problem prior to implementing the CAP.
2. Testing the interim plan – Verifying that the interim plan will work without introducing new problems.
3. Documenting - Drafting the new policies, procedures, and/or protocols developed from the interim plan in the form of a document. This will become part of your CAP.
4. Implementing the CAP - Taking the new policies, procedures, and/or protocols from an interim plan to a permanent plan.
5. Training your team – For the CAP to be successful, all relevant employees must be trained on the CAP to ensure that the new policies, procedures, and/or protocols are followed according to the plan.

The most critical step in preparing a CAP is following the Lead Monitor’s (LM’s) recommendations when drafting the CAP. The LM provides direction on how to resolve the finding. It’s important that your CAP addresses the recommendation without duplicating (copying and pasting) the recommendation as the CAP.

# What if I need help with my CAP?

Our Audit Resolution Specialist (ARS) with Contract Oversight and Support (COS) can assist with answering questions related to the CAP including questions about findings, contract violations, improper payments, and documenting the CAP. The ARS specializes in post monitoring review activities and acts as a subject matter expert (SME) for matters involving CAPs. Information about how to contact the ARS will be included in your Findings Report. If the assistance you need falls outside the scope of the ARS’s duties, the ARS can liaise with VR program staff and contract management staff to connect you with someone who can assist you. You can always email COS’s mailbox at [contract.oversight@twc.texas.gov](mailto:contract.oversight@twc.texas.gov) if you are unsure who to contact.

# What could happen if I don’t submit an acceptable CAP or comply with an approved CAP?

Failure to submit an acceptable CAP or comply with an approved CAP may result in adverse actions. Per Rule [§858.9](https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=40&pt=20&ch=858&rl=9)(a)(2) of the Texas Administrative Code, “[t]he Agency may impose an adverse action when the contractor fails to follow the terms of the contract or fails to comply with Agency rules, policies, and procedures. The Agency may impose adverse actions for reasons including, but not limited to… the contractor's failure to submit an acceptable written corrective action plan as requested by the Agency or failure to comply with an accepted corrective action plan…”

Failure to submit an acceptable CAP or comply with an approved CAP could result in adverse action up to and including contract termination, contract suspension, and/or debarment.

# Can I see a sample finding, recommendation, and approved CAP?

Sure! Please know this is for **demonstration purposes only!**

## Finding

The contractor did not produce evidence that a complete customer file was maintained. The contractor reported to the Lead Monitor that the files were lost due to a computer issue (but there was no evidence this was reported in accordance with VR-SFP 3.3.11 Safe and Secure Environments and 3.3.4 Confidentiality). Most of the records for the files in the case selection for this review were not able to be provided by the contractor.

## Recommendation

Submit a CAP that outlines the specific steps that will be taken to resolve the noted finding and prevent its future occurrence. The CAP should include a detailed process for securely storing customer files for the required retention period.

## Contractor Response

In response to the recommendation of outlining the specific steps that will be taken to resolve the noted finding and prevent its future occurrence and that the CAP include a detailed process for securely storing customer files for the required retention period, all new and additional case documents will be reviewed and documented in a log for periodic review and backed up.

* Each new employee must sign an attestation that they understand that if there is an incident regarding a new or unanticipated threat or hazard, they must notify the VR counselor as soon as possible (3 business days maximum). The attestation is to be stored in the employee’s personnel file. VR3446 Incident Report must be submitted to the Q or RPSS assigned to our headquarters (10 business days maximum). A copy of the attestation template and signed attestation documents from current employees are attached.
* Each employee must read all required documents in their entirety to ensure that all requirements are met and that the document is complete (No fields will be left blank; staff will enter NA if no information exists for the field).
* Upon completion of the documents, an electronic folder and hard copy folder will be created if one does not already exist and the documents will be stored there (if a folder already exists, move the documents to the electronic and hard copy folders). Each storage area must be secured in accordance with VR-SFP Chapter 3 sections related to confidentiality and record storage.
* Any documents processed for the day shall be backed up immediately by the deputy director or director to a cloud service that meets the requirements of VR-SFP 3.2.17.4 or a secure and protected secondary hard drive after processing or prior to the close of the business day.
* Between the 20th and 25th of the month, all new cases and cases with additional documents created during that month shall be reviewed and recorded on a period review log (attached) by the director to ensure that all documents are complete and accounted for (All customer files shall include: all invoices, all SAs, and all forms required by VR-SFP, any supporting documentation such as training materials, resume, job applications, or attendance records required by VR-SFP chapters).

## Periodic Review Log (attachment)

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| --- | --- | --- | --- | --- | --- | --- | --- |
| Case ID | Service Authorization Number | COS 1917-4 JP A++ | VR1841 (Are Signatures Required) | VR1842 (Are Signatures Required) | VR1845A (Are Signatures Required) | VR1845B (Are Signatures Required) | VR1846 (Are Signatures Required) |
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