
**EMPLOYERS' TRAINING RESOURCE
2001 28TH STREET
BAKERSFIELD, CA 93301**

POLICY BULLETIN: #ETR 20

TO: All ETR and ETR Providers of Service
FROM: Verna Lewis, Director *Verna Lewis*
DATE: August 29, 2005
SUBJECT: **Fraud or Abuse Reporting Procedure**

The procedures set forth in this document shall be used for reporting an issue alleging fraudulent violation of the Workforce Investment Act (WIA), regulations, grant, or other agreements under WIA (including terms and condition of participants' employment), or other laws while in the performance of duties under WIA funding. This procedure is authorized under WIA and the governing regulations, 20 CFR Section 667.630 of the Federal Register.

Scope of Policy

Incidents relating to criminal fraud, criminal abuse or other criminal activity, and non-criminal complaints such as waste of funds, must be reported within one day of discovery. Subrecipients of WIA funds, which would include the Kern, Inyo and Mono Counties Workforce Investment Board, Employers' Training Resource, and the Career Services Centers of Kern, Inyo and Mono Counties, are subject to incident reporting under this policy. In addition, lower-tier subrecipients, which would be service providers receiving funds from the Kern, Inyo and Mono Counties Workforce Investment Board, are also subject to these policies.

Policy Relating to Employees of the Workforce Investment Board, Employers' Training Resource, and the Career Services Centers of Kern, Inyo and Mono Counties

If staff of any of these agencies has knowledge or suspicion of a violation of the WIA or its regulations, the individual must report this information within one workday of detection or discovery. WIA regulations at CFR 667.630 require that information or complaints must be reported within one workday of detection. Reports must be made to the Incident Reporting System of the Office of Inspector General (OIG) of the Department of Labor. The OIG hotline, website, telephone, FAX or mail may be used to report incidents. Incidents must also be reported simultaneously to the Employment and Training Administration and on an approved form to the State's Compliance Review Division of the Employment Development Department. (Contact information for all agencies is in the attached Directive).

Policy Relating to Employees of Service Providers or Clients Under Workforce Investment Act Funds

WIA lower-tier subrecipients must maintain on file a written procedure to inform staff of their responsibilities to report instances of fraud, abuse or criminal activity to the Executive Director of Employers' Training Resource, Verna Lewis, or her designee, within one day of detection or discovery of information alleging fraud. At such time the Director (or designee) will immediately report the incident to the Office of Inspector General, the Employment and Training Administration, and to the State's Compliance Review Division of the Employment Development Department, as detailed above.

Attached: EDD Directive WIAD02-3, "Incident Reporting"

DIRECTIVE

WORKFORCE INVESTMENT ACT

Number: WIAD02-3

Date: September 10, 2002
69:75:va:5093

TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: INCIDENT REPORTING

EXECUTIVE SUMMARY:

Purpose:

This directive provides procedures for reporting incidents, including but not limited to criminal fraud, criminal abuse or other criminal activity and noncriminal complaints, such as waste of funds, to the Compliance Review Division (CRD) of the Employment Development Department (EDD) and the Department of Labor's (DOL) Office of Inspector General (OIG).

Scope:

This directive applies to Local Workforce Investment Areas (LWIA) and other subrecipients of programs funded under the Workforce Investment Act (WIA).

Effective Date:

This directive is effective on release.

REFERENCES:

- Title 20 Code of Federal Regulations (CFR) Sections 667.505 and 667.630

STATE-IMPOSED REQUIREMENTS:

This directive contains State-imposed requirements that are shown in ***bold, italic*** type.

FILING INSTRUCTIONS:

This directive finalizes Draft Directive WIADD-28, issued for comment on January 10, 2002. Retain this directive until further notice.

BACKGROUND:

The WIA regulations, Title 20 CFR Section 667.630, requires that information and complaints involving criminal fraud, waste, abuse or other criminal activity must be reported immediately through DOL's Incident Reporting System to OIG with a copy simultaneously provided to the Employment and Training Administration (ETA). The Incident Reporting System also processes noncriminal complaints regarding mismanagement and gross waste of funds. The information requested in this directive completes DOL's Incident Report Form and acknowledges the types of incidents that the OIG Hot Line seeks to identify. Reports may be submitted to the OIG at their

Web site www.oig.dol.gov/hotnet1.htm, by telephone at 1-800-347-3756, by fax to (202) 693-5210, or by mail to:

Office of Inspector General
United States Department of Labor
200 Constitution Avenue, N.W., Room S-5506
Washington, D.C. 20210

This directive ensures that all instances of fraud, abuse, or other criminal activity associated with WIA-funded activities are concurrently reported to CRD.

When an individual has knowledge or suspicion of a violation of the WIA or its regulations, the individual must take prompt and appropriate action.

POLICY AND PROCEDURES:

Definitions:

Complaint, for this directive only, means criminal complaint and noncriminal complaints accepted by DOL as incidents, such as gross waste of funds, mismanagement and dangers to the public health and safety.

Subrecipient, for this directive, means LWIAs and other recipients that receive WIA funds directly from the State.

Lower-tier subrecipient means a recipient that does not receive WIA funds directly from the State.

General:

All subrecipients that receive WIA funds shall promptly report to OIG and CRD all allegations of WIA-related fraud, abuse, and other criminal activity. Attached is a glossary of terms related to reportable issues.

Each subrecipient shall establish appropriate internal program management procedures to prevent and detect fraud, abuse, and criminal activity. These procedures must include a reporting process to ensure that OIG and CRD are notified immediately of any allegations of WIA-related fraud, abuse, or criminal activity. Internal management procedures must be in writing and include the designation of a person on the subrecipients' staff who will be responsible for such notifications.

Lower-tier subrecipients will establish, document, and implement procedures to immediately notify the funding entity of any suspected or proven fraud, abuse, or other criminal activity involving WIA-funded activities. Funding entities must provide written notification to lower-tier subrecipients regarding their responsibilities to be alert for instances of fraud, abuse, and criminal activity committed by staff, contractors, or program participants and to report all such instances to the funding entity, OIG and CRD immediately. Proof of this notification must be maintained in the funding entity's files. Subrecipients detecting the presence or appearance of fraud, abuse, or other criminal activity must obtain sufficient information to provide a clear, concise report of each incident. Reports must include a statement of all facts, known at the time, as well as any known or estimated loss of WIA funds resulting from the incident. It is important that an initial report is made to OIG and CRD within one working day of

the detection of the incident. The submission of an incident report should not be delayed even if all facts are not readily available. Any facts subsequently developed by the subrecipient are to be forwarded in a supplemental incident report.

The reporting procedures do not supersede the responsibility for subrecipients to safeguard WIA funds by taking prompt and appropriate corrective action when any evidence of a violation of WIA or its implementing regulations is found.

Reporting:

Within one workday of detection or discovery of information alleging fraud, abuse, or other criminal activity involving WIA funds, a written incident report shall be prepared by the detecting entity. The report must be submitted on the attached form or similar document containing the requested information.

Submit the report to:

Attention: Compliance Resolution Unit
Compliance Review Division, MIC 22M
Employment Development Department
P.O. Box 826880
Sacramento, CA 94280-0001

And to the OIG at their Web site www.oig.dol.gov/hotnet1.htm, by telephone at 1-800-347-3756, by fax to (202) 693-5210, or by mail to:

Office of Inspector General
United States Department of Labor
200 Constitution Avenue, N.W., Room S-5506
Washington, D.C. 20210

Allegations considered to be of an emergency nature may be reported by telephone to, the Compliance Resolution Unit Supervisor at (916) 653-3270 and by calling the OIG/DOL Hot Line at 1-800-347-3756 and ***followed immediately thereafter by a written incident report.***

The Workforce Investment Division will forward any incident report it receives to CRD. The CRD will record any incident report it receives in the WIA Incident Report System and forward the incident report to DOL/ETA, Region 6, within one working day of receipt. However, CRD may have to contact the reporting entity for clarification or additional details prior to forwarding it to Region 6. Concurrently with its transmittal of the incident report to Region 6, CRD will, when applicable, notify the reporting entity to take appropriate action to recover misspent funds, or to contain its financial liability.

Upon receipt, ETA Region 6 will forward the incident report to DOL Regional OIG, San Francisco. Subsequently, Region 6 will advise EDD of the action to be taken by DOL Regional OIG. If OIG decides to investigate the incident, CRD will wait for OIG's results before commencing the state-level formal resolution. If OIG decides not to investigate the incident, CRD will request, when appropriate, a special monitoring review or an investigation by the appropriate state entities. Otherwise, CRD will require the subrecipient to submit its fact finding and local resolution.

Whenever the entity reporting the allegation of an incident believes that immediate action to prevent further financial loss or other damage is necessary, or recovery of funds or property may be impeded if immediate action is not taken, the reporting entity has the responsibility to take any action it deems appropriate, including contacting the local law enforcement agency. ***Any immediate action taken or planned by the reporting entity must be reported to CRD when the incident report is submitted.***

Allegations of fraud, abuse, or other criminal activity in WIA-funded programs may originate from sources other than subrecipients. Such sources may include informants, independent auditors, or local law enforcement agencies. Whenever EDD receives an allegation from such source, CRD will prepare an incident report (DOL Form DL 1-156) and submit it to Region 6, in accordance with this directive. In such a case, CRD will, when appropriate, inform the subject subrecipient of the incident reported and advise the latter of the need to take certain action.

During an investigation, based on a report of fraud or abuse, DOL OIG investigators or auditors may contact a subrecipient regarding an incident of which the subrecipient was not previously aware. Upon learning of the incident from federal sources, the subrecipient should contact CRD to determine whether the latter is aware of the incident. If the subrecipient is not aware of the allegations but CRD is; then the latter will, when appropriate, inform the former of the specific allegations contained in the incident report.

ACTION:

Bring this directive to the attention of all affected staff.

INQUIRIES:

If you have any questions about the information contained in this directive, please contact your assigned Regional Advisor at (916) 653-6347 or Georganne Pintar Baldwin, Local Policy Guidance Unit Manager, at (916) 654-7611.

/S/ BILL BURKE
Chief
Workforce Investment Division

Attachments are available on the Internet:

1. Glossary of Terms (PDF)
2. Incident Report Form (DOC)