



INCIDENT REPORTING

PURPOSE

This policy outlines the procedure for reporting incidents, including but not limited to criminal fraud, criminal abuse, or other criminal activity and noncriminal complaints, such as gross waste of funds, to the Compliance Review Office (CRO) of the Employment Development Department (EDD) and the Department of Labor's (DOL) Office of Inspector General (OIG). This policy applies to the Workforce Alliance of the North Bay (Alliance) and its subrecipients under the Workforce Innovation and Opportunities Act (WIOA). Nothing in this procedure should preclude or discourage the reporting of criminal incidents to local authorities as well.

SCOPE

Workforce Innovation and Opportunity Act Title I contracted Service Providers

RESPONSIBLE PARTY

Workforce Alliance of the North Bay
Regional Workforce Development Board

REFERENCES

- Title 20 Code of Federal Regulations (CFR) Sections 667.505 and 667.630
- DOL Training Employment and Guidance Letter 2-12, Employment and Training Administration (ETA) Grant Recipient Responsibilities for Reporting Instances of Suspected Fraud, Program Abuse and Criminal Conduct (July 12, 2012)
- Workforce Services Directive WSD12-18, Incident Reporting (June 12, 2013)

DOCUMENTS

- Incident Report Form

DEFINITIONS

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

Subrecipient - for this policy, means a recipient that does not receive WIOA funds directly from the State, but rather through the Alliance.

Emergency – a situation involving imminent health or safety concerns, or the imminent loss of funds exceeding an amount larger than \$50,000.

Employee/Participant Misconduct – actions occurring during or outside work hours that reflect negatively on the Employment Development Department (EDD) or its mission, including, but not limited to: conflict of interest or the appearance of conflict of interest involving outside employment, business and

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professional activities; the receipt or giving of gifts, fees, entertainment, and favors; misuse of government property; and, misuse of official information and other activities that might adversely affect the confidence of the public in the integrity of the government as well as serious violations of federal and State laws.

Fraud, Misfeasance, Nonfeasance or Malfeasance – any alleged deliberate action which may be in violation of government statutes and regulations. This category includes, but is not limited to, indications of bribery, forgery, extortion, embezzlement, theft of participant checks, kickbacks from participants or contractors, intentional payments to a contractor without the expectation of receiving services, payment to ghost enrollees, misuse of appropriated funds, misrepresenting information in official reports, and falsification of records and claims regarding trainees (e.g. knowingly enrolling ineligible participants). Criminal fraud is a type of larceny and is punishable under both federal and California law as a felony. Civil fraud is subject to tort actions under civil laws.

Gross Mismanagement - any actions or situations arising out of management ineptitude or oversight and leading to a major violation of the legislative process, regulations, or contract/grant provisions. These actions or situations have the potential to severely hamper accomplishment of program goals, waste government resources, and jeopardize future support for a particular project. This category includes, but is not limited to, unauditible records, unsupported costs, highly inaccurate fiscal reports or program reports, payroll discrepancies, payroll deductions not paid to the IRS or the State of California, and lack of good internal control procedures.

Incident Report - the primary form for reporting instances of fraud, misapplication of funds, gross mismanagement, and any other incidents of known or suspected criminal or other serious activities.

Misapplication of Funds - any alleged deliberate use of funds, assets or property not authorized or provided for by legislation or regulations, grants, or contracts. This category includes, but is not limited to, nepotism, political patronage, use of participants for political activity, ineligible enrollees, conflict of interest, failure to report income from federal funds, violation of contract/grant procedures, the use of government funds for other than specified purposes, and the use of WIOA funds for other than WIOA purposes.

Standard of Conduct Violations - violations of terms and conditions stipulated in the subgrant agreement. The relevant stipulations in the subgrant agreement are General Assurances, Employment of Former State Employees, Conducting Business Involving Relatives, Conducting Business Involving Close Personal Friends and Associates, Avoidance of Conflict of Economic Interest, and Maintenance of Effort.

OIG Hotline - The OIG operates the hotline to receive and process allegations of fraud, waste, and abuse concerning grants, contracts, programs and operations. The OIG also uses the hotline to address allegations of criminal activity and serious misconduct involving government employees.

POLICY

- I. General
 - A. All Alliance staff members and subrecipients that receive WIOA funds must be alert for instances of fraud, abuse, and criminal activity committed by staff, contractors, or program participants and report all such instances to the Alliance, OIG and the EDD CRO immediately.
 - B. Each Alliance 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 the Alliance, OIG and CRO are notified



immediately of any allegations of WIOA-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.

- C. Alliance subrecipients procedures must include immediately notifying the Alliance of any suspected or proven fraud, abuse, or other criminal activity involving WIOA-funded activities and adhere to the Alliance policy reporting process. Subrecipients must be alert for instances of fraud, abuse, and criminal activity committed by staff, contractors, or program participants and report all such instances to the Alliance, OIG and CRO immediately. 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 WIOA funds resulting from the incident. It is important that an initial report is made to the Alliance, OIG and CRO 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.
- D. The reporting procedures do not supersede the responsibility for subrecipients to safeguard WIOA funds by taking prompt and appropriate corrective action when any evidence of a violation of WIOA or its implementing regulations is found.

II. Reporting

- A. Immediately upon detection or discovery of information alleging fraud, abuse, or other criminal activity involving WIOA funds, the Alliance subrecipients will notify the Alliance Complaints Analyst by either telephone or email as follows:

Taylor Swain

Telephone: (707) 699-1651

Email: tswain@workforcealliancencorthbay.org

- B. Within one workday of detection or discovery of information alleging fraud, abuse, or other criminal activity involving WIOA funds, a written incident report shall be prepared by the detecting entity. The report must be submitted on the Alliance Incident Report Form containing the requested information. Submit the report to the Alliance, CRO, and OIG as follows:

The Alliance: Attention: Fiscal Unit
Workforce Alliance of the North Bay
1546 First Street, Napa, CA 94559

CRO: Attention: Compliance Resolution Unit
Compliance Review Office, MIC 22
Employment Development Department
P.O. Box 826880
Sacramento, CA 94280-001

OIG: (choose one of the following methods)
Website: www.oig.do.gov/hotlinecontact.htm
Telephone: 1-800-347-3756
FAX: (202) 693-7020
Mail: Office of Inspector General
Complaints Analysis Office
200 Constitution Avenue, N.W., Room S-5506
Washington, D.C. 20210



- C. Allegations considered to be of an emergency nature may be reported by telephone to the Compliance Resolution Unit Supervisor at (916) 653-0298 and by calling the OIG/DOL Hot Line at 1-800-347-3756 and followed immediately thereafter by a written incident report.
- D. 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 the CRO when the incident report is submitted.
- E. The Workforce Services Division will forward any incident report it receives to the CRO. The CRO will record any incident report it receives in the WIOA Incident Report System and forward the incident report to DOL/ETA, Region 6, within one working day of receipt. However, the CRO 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, the CRO will, when applicable, notify the reporting entity to take appropriate action to recover misspent funds, or to contain its financial liability.
- F. Upon receipt, Region 6 will forward the incident report to the DOL Regional OIG, San Francisco. Subsequently, Region 6 will advise the EDD of the action to be taken by the DOL Regional OIG. If the OIG decides to investigate the incident, the CRO will wait for the OIG's results before commencing the state-level formal resolution. If the OIG decides not to investigate the incident, the CRO will request, when appropriate, a special monitoring review or an investigation by the appropriate state entities. Otherwise, the CRO will require the Alliance to submit its fact finding and local resolution.
- G. Allegations of fraud, abuse, or other criminal activity in WIOA-funded programs may originate from sources other than subrecipients. Such sources may include informants, independent auditors, or local law enforcement agencies. Whenever the EDD receives an allegation from such source, the CRO 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, the CRO will, when appropriate, inform the subject subrecipient of the incident reported and advise the latter of the need to take certain action. Upon contact from the CRO, the subrecipient will contact the Alliance Complaints Analyst and inform them of the report.
- H. During an investigation, based on a report of fraud or abuse, the 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 the CRO to determine whether the latter is aware of the incident. If the subrecipient is not aware of the allegations but the CRO is, then the CRO will, when appropriate, inform the subrecipient of the specific allegations contained in the incident report. The subrecipient will contact the Alliance Complaints Analyst and inform them of the allegations.
- I. Action will not be taken against any complainant for disclosing information concerning criminal or improper activities or making a valid complaint to proper authorities. Complainants may remain anonymous. If a complainant considers that their position will be compromised by reporting information via an incident report, they may send the report directly to the OIG.



POLICY UPDATE HISTORY

October 11, 2018 – New Policy

INQUIRIES

Questions regarding this policy can be sent to the Complaints Analyst.

