

Northwest Workforce Council

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- www.nwboard.org -

POLICY AND PROCEDURES DIRECTIVE

EFFECTIVE DATE: March 1, 2016
WIOA POLICY NUMBER: WIOA 01-42
SUBJECT: FRAUD & INCIDENT REPORTING

BACKGROUND:

The detection and prevention of fraud and abuse in programs authorized by the Department of Labor are of the highest priority. In addition, State law (RCW 43.09.185) requires all state agencies and local governments to immediately notify the State Auditor's Office in the event they become aware of a known or suspected loss of public resources or other illegal activity.

Therefore, Northwest Workforce Council (NWC) has established the following policy which describes NWC's fraud and incident reporting requirements for all funding sources and funded subcontracts, including Workforce Innovation and Opportunity Act (WIOA), to ensure that all resources are being used lawfully and effectively. It describes appropriate internal expectations and procedures for its office and for all subcontractors to prevent and detect fraud, abuse, gross mismanagement or misuse of program funds, and criminal activity.

POLICY:

NWC will immediately document allegations, suspicions and complaints involving possible fraud, program abuse and criminal misconduct using the attached DOL Incident Report form (OIG 1-156). The following details reporting requirements for Workforce Innovation and Opportunity Act (WIOA) and non-WIOA public funds.

WIOA Funds/Contracts

For federal funds either directly or indirectly received from the U.S. Department of Labor, Employment and Training Administration, the NWC follows the procedures set forth in the Training and Employment Guidance Letter (TEGL) 2-12, and any additional releases. Follow the procedures set forth below to immediately report, document and follow-up such instances.

1. Internal controls must be in place to prevent the possibility of fraudulent activity within the organization. However, if the known or suspected activity of fraud is related to the organization, report it to the Executive Director or management unrelated to the activity. Appropriate actions will be taken immediately to stop the fraudulent activities, safeguard remaining assets and records, and prevent future instances from recurring, including personnel action if necessary.
2. In addition, whenever the entity reporting the allegation of an incident believes that immediate action to prevent further financial loss or other damage is necessary, or may be impeded if immediate action is not taken, then 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 NWC when the incident report is submitted.

3. NWC and its contractors or subrecipients will use the attached Incident Report Form OIG 1-156 to immediately document and report suspicions, allegations or complaints involving:
 - WIOA-related fraud
 - Mifeasance, nonfeasance or malfeasance
 - Misapplication of funds; gross mismanagement
 - Employee/participant misconduct
 - Other potential or suspected criminal actions.

Send the incident report to the State Auditor's office, Employment Security Department (ESD), and the Office of Inspector General (OIG) as directed using the contact information provided below.

4. Situations involving imminent health or safety concerns or the imminent loss of funds exceeding an amount larger than \$50,000 are considered emergencies and must be immediately reported to the OIG via the hotline telephone number and followed up within one working day in the form of an Incident Report.
5. All subrecipients of NWC shall also adhere to the state and federal reporting requirements noted herein for all incidents of fraud as detailed in this policy regarding federal funds, as well as notifying NWC immediately of any suspected fraud.
6. No action will be taken against any individuals who disclose information concerning criminal or improper activities or who make a valid complaint to proper authorities. These individuals may remain anonymous. If individuals believe that their position will be compromised by reporting information through the incident reporting system, they may send reports directly to the OIG or the DOL Office of Financial and Administrative Management (OFAM).
7. Report Submission: Report **to each** of the following entities either by phone, mail or email, unless #6 above applies:

Northwest Workforce Council

101 Prospect St

PO Box 2009

Bellingham, WA 98227

360-676-3210

rdietz@workforcenorthwest.org

Employment Security Department
(choose one of the following methods)

Email: LScheel@esd.wa.gov ; or

Mail: Attention – Incident Reporting
Internal Audit Office
PO Box 9046
Olympia, WA 98507-9046
For questions or instructions call: 360-902-9276

Office of Inspector General
(choose one of the following methods)

Email: hotline@oig.dol.gov
Online contact hotline: www.oig.dol.gov/contact.htm
Fax: 202-693-7020 or

Mail: Office of Inspector General
Complaints Analysis Office
200 Constitution Avenue, NW Room S-5506
Washington, D.C. 20210
1-800-347-3756

Hotline for Emergency Situations:
1-800-347-3756 or 202-693-6999

Non-WIOA Funds/Contracts

Report Submission: All incidents must be reported **to each** of the following entities either by phone, mail or email:

Northwest Workforce Council
101 Prospect St
PO Box 2009
Bellingham, WA 98227
360-676-3210
rdietz@workforcenorthwest.org

Washington State Auditor's Office
Attn: Hotline
P.O. Box 40021
Olympia, WA 98504-0031
1-866-902-3900
<http://portal.sao.wa.gov/SAOPortal/Public.aspx/LossReport>
(Online form)

DEFINITIONS:

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 – NWC, partner, contractor or participant actions occurring during or outside work hours that reflect negatively on the U.S. Department of Labor or its mission including, but not limited to conflict of interest or the appearance of conflict of interest involving outside employment, business and professional activities; the receipt or giving of gifts, fees, entertainment, and favors; misuse of Federal property; and misuse of official information and such other activities as 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 Federal 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, payments to ghost enrollees, misuse of appropriated funds, and misrepresenting information in official reports.

Gross Mismanagement – 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. Such 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 Internal Revenue Service, and lack of good internal control procedures.

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, and the use of Federal funds for other than specified purposes. An incident report should be filed when there appears to be an intent to misapply funds rather than merely for a case of minor mismanagement. Indian and Native American programs are excluded from the nepotism category, as cited in Section 632.118 of 20 CFR Part 632, Subpart F.

Subrecipient – An entity that receives federal assistance passed through from a prime recipient or another subrecipient to carry out or administer a WIOA program. Distinguishing characteristics of a subrecipient include:

- Determining eligibility for assistance;
- Performance measured against meeting the objectives of the program;
- Responsibility for programmatic decision making;
- Responsibility for applicable program compliance requirements;
- Use of the funds passed through to carry out a program of the sub-entity as compared to providing goods or services for a program of the prime recipient.

ATTACHMENT:

Incident Report (IR) form, Office of Inspector General (OIG) 1-156

REFERENCES:

- Public Law 113-128, Workforce Innovation and Opportunity Act (WIOA) of 2014, Section 185(b)
- 20 CFR 683.430 and 683.620
- Training and Employment Guidance Letter (TEGL) 2-12

SUPERCEDES

- Workforce Information Notice (WIN) 0048 – Reporting Incidents Involving WIA Fund
- Northwest Workforce Council WIA01-42 – Fraud and Incident Reporting

AUDITS AND INVESTIGATIONS



Chapter 700 - Allegations of Wrongdoing or Misconduct, Incident Reporting, and Whistleblower Protection

ETA INSTRUCTIONS FOR OIG 1-156 INCIDENT REPORT (IR)

1. Using the Incident Report Form: The OIG 1-156 Incident Report Form should be used for filing:

(a) Initial Incident Report: Form OIG 1-156 is designed primarily as an initial report to inform the Employment and Training Administration's (ETA) Office of Financial and Administrative Management (OFAM) and the Office of the Inspector General (OIG) that a violation or apparent violation has occurred. It should also be used to inform OFAM and OIG of cases involving ETA employees, programs, and operations being investigated by or reported to other investigative agencies.

(b) Supplemental Incident Report: Once the initial Form OIG 1-156 has been filed Form OIG 1-156 should be used:

- (1) To provide supplemental information not available at the time of the original report.
- (2) If the matter cannot be resolved at the agency level and the case goes to litigation or arbitration at another level, supplemental reports will be submitted without awaiting results of adjudication or arbitration.

(c) Final Incident Report: Form OIG 1-156 should be used when:

- (1) An incident is resolved, or otherwise settled.
- (2) Adjudication and arbitration results are known and all requirements of such adjudication or arbitration have been completed.

2. Completing the Incident Report Form:

The agency designation code requested in block 2 is assigned by the office preparing the form and should include the fiscal year in which the report is being submitted, the agency acronym, and a number to indicate the chronological sequence of the report (for example, 09-CHI-ETA-01 would show that the report was submitted in Fiscal Year (FY) 2009, by Chicago, ETA, and was the first report they submitted in FY 2009, and 09-OWI-ETA-02 would show that the report was submitted in FY 2009 by the Office of Workforce Investment (OWI), ETA/NO, and was the second report OWI submitted in FY 2009).

Block 16 should be signed on all copies by the responsible official for the office unless the employee believes he/she should send the form directly to the OIG and OFAM.

Entries requiring additional space may be continued at the end of the synopsis entry in Block 14 or on a separate sheet(s) of bond paper. Head each additional sheet "Continuation" and give the Agency Identification Code from Block 2.

3. Transmitting the Completed Incident Report Form:

For IRs originating in a region or concerning a regional office (RO) program, the Regional Administrator/Regional Apprenticeship Director (RA/RD) should send the original signed OIG 1-156 via a transmittal memorandum to the Special Agent-In Charge (SAC) of the OIG's Regional Office of Labor Racketeering and Fraud Investigations within two days of discovery or receipt of the incident report and simultaneously forward copies to OFAM and the Office of Regional Management (ORM) or the Office of Apprenticeship (OA).

For IRs originating in the national office (NO) or concerning an NO program, the originating office should send the original signed OIG 1-156 to OFAM within two days of discovery or receipt of the incident report and simultaneously forward copies to ORM or OA. OFAM will send the original IR to the OIG within two working days of receipt.

See Attachment E for SAC and other OIG addresses.

Mail ETA NO copies to:

Office of Financial and Administrative Management
200 Constitution Avenue, N.W., Room N-4653
Washington, D.C. 20210
ATTENTION: OGM

Office of Regional Management
200 Constitution Avenue, N.W., Room C-4517
Washington, D.C. 20210

or

Office of Apprenticeship
200 Constitution Avenue, N.W., Room N-5311
Washington, D.C. 20210

Note: If the report concerns Department of Labor staff, the copies for the ETA NO should be sent in a sealed envelope addressed to the Administrator of OFAM with a notation on the envelope "TO BE OPENED BY ADDRESSEE ONLY."

Incident Report

U.S. Department of Labor

Office of Inspector General



For Official Use Only (When filled in)

1. Date of report

2. Agency designation code (Yr.) (Agency) (Report No.)

3. File Number (For IG use)

4. Type of report

Initial Supplemental Final Other (Specify) _____

5. Type of incident

Conduct violation Criminal violation Program violation

6. Allegation against

DOL Employee Contractor Grantee Other (Specify) _____

Given name and position of employee(s), contractor(s), grantee, etc. List telephone number, OWCP or other Claim File Number, if applicable, and other identifying data:

7. Location of incident (Give complete name(s) and addresses of organization(s) involved)

8. Date and time of incident/discovery

9. Source of complaint

Public Contractor Grantee Program Participant Audit

Investigative Law Enforcement Agency (Specify) _____

Other (Specify)

Give name and telephone number so additional information can be obtained.

10. Contacts with law enforcement agencies (Specify name(s) and agency contacted and results)

11. Expected concern to DOL

Local Regional National Media interest Executive interest GAO/Congressional interest

Other (Specify) _____

12. DOL Agency involved

SECY ESA ETA ILAB LMSA MSHA OASAM OIG

OSHA SOL ASP BLS NCEP WB OIPA

Other (Specify) _____

Amount of grant or contract (If known)

\$

Amount of subgrant of subcontract (If known)

\$

13. Persons who can provide additional information (Include custodian of records)

Name	Grade	Position or job title	Employment ¹	Local Address (Street, City, & State) or organization, if employed and telephone number
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Enter one of these codes:

U - Unemployed

G-Grantee

C-Contractor

D - DOL

F-Other Federal Employee

P - Program Participant or
claimant

(Complete page 2 of this form)

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For Official Use Only (When filled in)

14. Details of Incident (Describe the Incident)

If more room is needed attach additional sheets.

15. Typed name and title of DOL employee

16. Signature of DOL employee

17. Copies furnished to:

18. Attachments: (List)
