



**Workforce Southwest Washington
Policies and Procedures**

**FRAUD AND INCIDENT REPORTING
POLICY #: 1005 Revision 1**

Date of Original Policy: 3/26/2014
Effective Revision Date: 5/25/2016

BACKGROUND:

Department of Labor proposed [20 CFR Section 683.620](#) and [TEGL 2-12](#) provide expectations and requirements for reporting information and complaints involving criminal fraud, waste, abuse or other criminal activity that must be reported immediately through DOL's Incident Reporting System to the OIG.

The [Incident Report \(IR\) form](#), Office of Inspector General (OIG) 1-156, is the official form to be used for reporting allegations of criminal and other illegal or improper activities in WIOA funded programs. When the OIG receives an IR, they determine whether the allegations have merit and, when appropriate, conduct or arrange for an investigation and/or audit. If the OIG determines that the case does not have investigative or audit merit, the case is referred back to DOL for resolution.

No action will be taken against any individual who discloses information concerning criminal or improper activities or makes a valid complaint to proper authorities. These individuals may remain anonymous. If an individual believes that his/her position will be compromised by reporting information through the IR system, he/she may send the report directly to the OIG or the DOL Office of Financial and Administrative Management (OFAM).

POLICY:

It is the policy of Workforce Southwest Washington (WSW) and its subrecipients to immediately report information or complaints regarding fraud, waste, abuse or mismanagement of funds.

1. Internal controls must be in place to prevent the possibility of fraudulent activity within the organizations of the WSW and its subrecipients. However if the known or suspected activity of fraud is related to the organization, this information should be immediately reported to the Chief Executive Officer or management unrelated to the activity.
2. 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.
3. 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 Employment Security Department (ESD) when the incident report is submitted.

4. All incident reports, emergency or other, must be sent to ESD and the OIG using the contact information provided below. WSW and our subrecipients will use the [IR \(OIG 1-156\) form](#) as provided by the Department of Labor to immediately document and report suspicions, allegations or complaints involving:
 - WIOA-related fraud;
 - Misfeasance, nonfeasance or malfeasance;
 - Misapplication of funds;
 - Gross mismanagement;
 - Employee/participant misconduct; or
 - Other potential or suspected criminal action.
5. Situations involving imminent health or safety concerns or the imminent loss of funds exceeding \$50,000 are considered emergencies and must be immediately reported to ESD and the OIG using the most expedient venue listed below.
6. All subrecipients of the WSW shall also adhere to the state and federal reporting requirements noted above for all incidents of fraud as detailed in this policy, as well as notifying the WSW immediately of any suspected fraud.
7. Report Submission. All incidents must be reported to each of the following entities either by phone, mail or email:
 - Workforce Southwest Washington
805 Broadway Suite 412
Vancouver, WA 98660
360-567-1075
FAX: 360-567-1054
mandrus@workforcesw.org
 - Employment Security Department
Attn: - Incident Reporting Internal Audit Office
PO Box 9046
Olympia, WA 98507-9046
360-902-9276
LScheel@esd.wa.gov
 - Office of Inspector General
Attn: Hotline
US Department of Labor
200 Constitution Avenue, N.W. Room S-5506
Washington, D.C. 20210
FAX: 202-693-7020
1-800-347-3756 or 202-693-6999
[Hotline](https://www.oig.dol.gov/hotline.htm) Online Complaint Form: <https://www.oig.dol.gov/hotline.htm>

DEFINITIONS:

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

Employee/Participant Misconduct – WSW, subrecipient, 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/or, 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, or misrepresenting information in official reports.

Gross Mismanagement – An 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 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; and
- 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.

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](#)

SUPERSEDES:

- SWWDC #1005 Fraud & Incident Reporting Dated 3/26/2014

WEBSITE:

<http://workforcesw.org/providers#OperationsPolicies>