



**Workforce Southwest Washington  
Policies and Procedures**

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**FRAUD AND INCIDENT REPORTING  
POLICY #1005 Revision 3**

Date of Original Policy: 3/26/2014  
Effective Revision Date: 12/10/2024

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**PURPOSE**

This policy provides the expectations and requirements to report information and complaints involving criminal fraud, waste, abuse or other criminal activity immediately to the proper regulating agencies. Workforce Southwest Washington (WSW) administers federal, state, and private grant funds. It is a requirement that WSW issues a policy for reporting fraud and high-risk incidents. WSW and its Subrecipients must follow this policy in accordance with the funding to which they are reporting.

**BACKGROUND**

WSW takes every reasonable course of action to ensure and maintain the integrity of expenditure of funds, to avoid any favoritism or questionable or improper conduct, and administer in an impartial manner, free from personal, financial, or political gain. Executive staff and employees avoid situations that give rise to the suggestion that any decision was influenced by prejudice, bias, special interest, or personal gain.

Department of Labor proposed [20 CFR Section 683.620](#) and [TEGL 15-23 to](#) provide expectations and requirements for reporting information and complaints involving criminal fraud, waste, abuse or other criminal activity involving federal funds that must be reported immediately through DOL's Incident Reporting System to the OIG and ETA. In the event of fraud or incidents involving Department of Commerce funds, the report must be submitted to OIG, DOC, and/or EDA.

**POLICY**

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 and any WSW funded program. For WIOA incidents, upon receipt of an IR, the OIG determines whether or not the allegations have merit and, when appropriate, conducts or arranges for an investigation and/or audit. If the OIG determines that the case does merit an investigative or audit, the case is referred back to DOL for resolution.

No action will be taken against any individuals who disclose information concerning criminal or improper activities or who make a valid complaint to the proper authorities. These individuals may remain anonymous. If individuals believe that their position will be compromised by reporting information through the IR system, they may send reports directly to the OIG.

WSW and its subrecipients must immediately report information or complaints regarding fraud, waste, abuse or mismanagement of any 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 needs to be immediately reported to the Chief Executive Officer, Chief Operating Officer, or Chief Financial Officer. The WSW C-Suite individual must be unrelated to the alleged 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) or the grant funder when the incident report is submitted.
4. All incident reports, emergency or other, must be sent to ESD, WSW, and the OIG using the contact information provided below. WSW and 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,
  - Any grant funded fraud,
  - Misfeasance, nonfeasance, or malfeasance,
  - Misapplication of funds,
  - Gross mismanagement,
  - Employee/participant misconduct, or
  - Other potential or suspected criminal action.

NOTE: Types of reportable incidents (with additional context) are listed in the definitions section.

5. Situations involving imminent health or safety concerns, or the imminent loss of funds exceeding \$50,000 are considered emergencies and must immediately be reported to the OIG and ETA using the most expedient venue listed below.
6. All subrecipients of WSW must 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 WSW immediately of any suspected fraud.
7. Report Submission. All incidents must be reported to the following entities by choosing one method to WSW and OIG with a copy to ETA or EDA (depending on funding):
  - Workforce Southwest Washington  
805 Broadway Suite 412  
Vancouver, WA 98660  
Amy Gimlin  
360-567-1059  
[agimlin@workforcesw.org](mailto:agimlin@workforcesw.org)

- Office of Inspector General

Hotline for emergency situations: 1-800-347-3756 or 202-693-6999 or [Hotline](https://www.oig.dol.gov/hotline.htm) Online Complaint Form: <https://www.oig.dol.gov/hotline.htm>

- Employment and Training Administration (ETA):

ETA takes allegations of any type of improper activity seriously and needs to have the same information that is being submitted to the OIG Hotline Portal. Send the screen shots or photos taken of each of the three OIG Hotline Portal screens to ETA via email at: [ETAIncidentReporting@dol.gov](mailto:ETAIncidentReporting@dol.gov). The subject line of the email needs to contain: “**ETA Incident Report – Washington State**” for easy identification of the ETA Regional Office that needs to be provided the information.

Per requirements of 20 CFR 683.620 to copy the Department of Labor’s Employment and Training Administration (DOLETA) on incident reports, ESD will forward all incident reports it receives to DOLETA on behalf of the reporting entity.

If ESD is the subject of the incident report, the incident needs only be reported to WSW and OIG with a copy provided directly to DOLETA by the reporting entity.

#### **DEFINITIONS:**

**Emergency** – A situation involving imminent health or safety concerns, or the imminent loss of funds exceeding \$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 the funder and its mission including, but not limited to: conflict of interest or the appearance of conflict of interest involving outside employment, business or professional activities; the receipt or giving of gifts, fees, entertainment, and favors; misuse of Federal/State 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/State 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** – 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.

**Incident Referrals** – The OIG refers incidents and allegations concerning Employment and Training Administration (ETA) programs to ETA where the OIG determines that the incident report does not have investigative or audit merit.

**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 must 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/state assistance passed through from a prime recipient or another subrecipient to carry out or administer a grant funded 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 \(TEGL\) 15-23](#)

#### **SUPERSEDES:**

- SWWDC #1005 Fraud & Incident Reporting Dated 3/26/2014 & 5/25/2016
- WSW Fraud and Incident Reporting Policy #1005 Rev 2 effective 10/28/2020

#### **WEBSITE:**

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