



INCIDENT REPORTING POLICY

Workforce Innovation and Opportunity Act Policies and Procedures

EFFECTIVE DATE: January 17, 2017

POLICY #: S504.v3

I. PURPOSE

The purpose of this policy is to establish expectations and procedures for reporting alleged, suspected, or known fraud, program abuse, or criminal misconduct to the Employment Security Department (ESD) and the Department of Labor's (DOL) Office of Inspector General (OIG).

II. BACKGROUND

20 CFR 683.620 and Training and Employment Guidance Letter (TEGL) 2-12 provide expectations and requirements for immediately reporting information and complaints involving criminal fraud, waste, abuse, or other criminal activity to the OIG. Upon receipt of an Incident Report (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 not merit an investigation or audit, the case is referred 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 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).

III. DEFINITIONS

- A. Emergency** – A situation involving imminent health or safety concerns, or the imminent loss of funds exceeding an amount much larger than \$50,000.
- B. Employee/Participant Misconduct** – WDC, 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 or 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.
- C. 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 checks, kickbacks from participants or

contractors, intentional payments to a contractor without expectation of receiving services, payment to ghost enrollees, misuse of appropriated funds, and misrepresenting information in official reports.

- D. Gross Mismanagement** – Actions or situations arising out of management ineptitude or oversight 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 un-auditable 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.
- E. 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. WDC Policy #01-2014 – R2 Page 5 of 5 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.
- 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/or • 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.

IV. POLICY

It is the policy of the Workforce Development Council of Seattle-King County (WDC), and its subrecipients of federal funds under WIOA, to immediately report information regarding known or suspected fraud, waste, abuse, gross mismanagement or misuse of program funds, or criminal activity in accordance with the procedures set forth below. Types of reportable incidents are further described in the definitions section.

- a.** If an incident of fraudulent activity is detected, it should be immediately reported to the CEO or available organization management unrelated to the activity and an incident report submitted as explained in step 3.f. The Incident Report (IR) form, OIG 1-156, is the official form used for reporting allegations of criminal, 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 an investigation and/or audit. If the OIG determines that the

situation does not have investigative or audit merit, it is referred to the appropriate DOL department for resolution.

- b. No action including retaliation, will be taken against any individual who discloses information concerning criminal or improper activities, or makes a good faith complaint to proper authorities.
- c. Reporting procedures do not supersede the organization's responsibility to safeguard WIOA funds by taking prompt and appropriate corrective action. 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 ESD when the incident report is submitted.
- d. All incident reports, emergency or other, must be sent to ESD, the Office of Inspector General (OIG) with a copy to the WDC using the contact information provided below. The WDC and its subrecipients will use the IR form to immediately document and report suspicions, allegations or complaints involving:
 - i. WIOA-related fraud;
 - ii. Misfeasance, nonfeasance or malfeasance;
 - iii. Misapplication of funds;
 - iv. Gross mismanagement;
 - v. Employee/participant misconduct; or
 - vi. Other potential or suspected criminal actions.
- e. 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 immediately (within one working day) in the form of an IR.
- f. Report Submission. The WDC and its subrecipients must submit incident reports to the following entities:

Workforce Development Council of Seattle-King County

Email: operations@seakingwdc.org

Mail: 2003 Western Avenue, Ste. 250 Seattle, WA 98121

Phone: 206.448.0474

Fax: 206.448.0484

Employment Security Department

Email: ESDGPInternalAudit@esd.wa.gov

Mail: Attn: - Incident Reporting Internal Audit Office
PO Box 9046 Olympia, WA 98507-9046
For questions or instructions call the Internal Audit Office at 360-902-9718.

Office of the Inspector General

Hotline Online Complaint Form:
<https://www.oig.dol.gov/hotline.htm>

Fax: 202.693.7020
Mail: Attention: Hotline
Office of Inspector General
U.S. Department of Labor
200 Constitution Avenue, N.W., Room S-5514 Washington, D.C. 20210

OR

Hotline for emergency situations:

Phone: 1.800.347.3756 or 1.202.693.6999

NOTE: Per requirements of 20 CFR 683.620 to copy Department of Labor Employment and Training Administration (DOLETA) on submitted incident reports, ESD will forward any incident report it receives to DOLETA on behalf of the reporting entity.

V. REFERENCE

- <https://www.gpo.gov/fdsys/pkg/PLAW-113publ128/pdf/PLAW-113publ128.pdf>
- <https://www.gpo.gov/fdsys/pkg/FR-2016-08-19/pdf/2016-15975.pdf>
- https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9222
- http://www.wa.gov/esd/1stop/policies/wioa_title1.htm

VI. ATTACHMENT

- <http://wdr.doleta.gov/directives/attach/TEGL/TEGL 2 12 att c.pdf>