

OFFICE OF WORKFORCE OPPORTUNITY
WIA/WIOA POLICY ISSUANCE – 2012-031
Effective Date: July 1, 2012

**RESPONSIBILITIES FOR REPORTING INSTANCES FOR
SUSPECTED FRAUD, PROGRAM ABUSE AND CRIMINAL CONDUCT**

Background: US DOL TEGL 2-12 transmits procedures to be used by all Employment and Training Administration (ETA), and subsequently all Office of Workforce Opportunity (OWO) sub recipients and contractors, for reporting allegations of fraud, program abuse or criminal conduct involving grantees or other entities and sub recipients receiving Federal funds either directly or indirectly. The deduction and prevention of fraud and abuse in programs authorized by the Department of Labor are the highest priority. Therefore, systematic procedures for reporting instances of suspected or actual fraud, abuse or criminal conduct are vital. This policy will provide the policy and procedures for reporting and investigating allegations of wrongdoing or misconduct to include allegations of suspected fraud, program abuse, and criminal conduct involving sub recipients of Federal Funds from Office of Workforce Opportunity and/or US Department of Labor, Employment and Training Administration.

USDOL Policy: The attached Incident Report (IR) form, Office of Inspector General (OIG) I-156, is the official form used for reporting allegations of criminal and other illegal or improper activities in the operation of federal funded programs. Allegations are reported to OWO (specifically Director) and to the OIG and, within ETA, to the Office of Financial and Administrative Management (OFAM) and the Office of Regional Management. Incidents reporting using the IR form may involve allegations of fraud, misfeasance, nonfeasance or malfeasance, allegations involving misapplication of funds; allegations of gross mismanagement; allegations of employee/participant misconduct; and, other potential or suspected criminal actions.

When the OIG receives an Incident Report, 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 ETA for resolutions.

Grant recipients must immediately document allegations, suspicions and complaints involving possible fraud, program abuse, and criminal misconduct using the Incident Report (IR form I-156). In additions, 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 immediately be reported to the OIG and OFAM by telephone and followed up with a written report in the form of an IR, no later than one working day after the telephone report.

Prohibition and Reprisals: No action will 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 his/her

position will be compromised by reporting information through the IR system, s/he may send the report directly to the OIG or OFAM.

Definitions: These definitions are illustrative and are not intended to be either fully inclusive or restrictive.

- **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 reflects negatively on the Department and/or NH Department of Business and Economic Affairs, Office of Workforce Opportunity 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 with 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, in 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.

Incident Report (IR) (OIG I-156): This is 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. The OIG I-156 may also be used to provide interim and final reports.

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, and use of participants for political activity, ineligible enrollees, conflict of interest, and 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.

OIG Hotline: The OIG operates this 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 involvement employees. Hotline complaints should be sent to the Director of the Office of Workforce Opportunity who will report the complaint to the Complaints Analysis Office, Office of Inspector General, 200 Constitution Avenue, N.W., Room S-5506, Washington, DC 20210 or 1-800-347-3756 or 202-693-6999 or emailed to hotline@oig.dol.gov. *The OIG hotline should not be used for resolving employee grievances, Equal Employment Opportunity complaints, labor disputes or other personnel concerns.*

OWO PROCEDURES AND REPORTING PROTOCOL

Definitions:

Complaint, for this directive only, means criminal complaint and noncriminal complaints accepted by USDOL as incidents, such as gross waste of funds, mismanagement and dangers to the public health and safety.

Sub recipient, for this directive, means service delivery contractors and other recipients that receive WIOA funds directly from the State.

Lower-tier sub recipient means a recipient that does not receive WIOA funds directly from the State.

General:

All sub recipients that receive WIOA funds shall promptly report to OIG and OWO all allegations of WIOA-related fraud, abuse, and other criminal activity.

Each sub recipient 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 OIG and OWO 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 sub recipients' staff who will be responsible for such notifications.

Lower-tier sub recipients will establish, document, and implement procedures to immediately notify the funding entity of any suspected or proven fraud, abuse, or other criminal activity involving WIOA-funded activities. Funding entities must provide written notification to lower-tier sub recipients regarding their responsibilities to be alert for instances of fraud, abuse, and criminal activity committed by staff, contractors, or program participants and to report all such instances to the funding entity, OIG and OWO immediately. Proof of this notification must be maintained in the funding entity's files. Sub recipients 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 OIG and OWO 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 sub recipient are to be forwarded in a supplemental incident report.

The reporting procedures do not supersede the responsibility for sub recipients 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.

Reporting:

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 attached form or similar document containing the requested information.

Submit the report to:

WIOA Director
Business and Economic Affairs, Office of Workforce Opportunity
100 North Main Street
Concord, NH 03301
Jacqueline.heuser@livefree.nh.gov

And to the OIG at their Web site www.oig.dol.gov/hotnet1.htm, by telephone at 1-800-347-3756, by fax to (202) 693-5210, or by mail to:

Office of Inspector General
United States Department of Labor
200 Constitution Avenue, N.W., Room S-5506
Washington, D.C. 20210

Allegations considered to be of an emergency nature may be reported by telephone to, the Compliance Resolution Unit Supervisor at (916) 653-3270 and by calling the OIG/DOL Hot Line at 1-800-347-3756 and followed immediately thereafter by a written incident report.

The OWO will record any incident report it receives in the WIOA Incident Report System and forward the incident report to DOL/ETA, Region I, within one working day of receipt. However, OWO may have to contact the reporting entity for clarification or additional details prior to forwarding it to Region I. Concurrently with its transmittal of the incident report to Region I, OWO will, when applicable, notify the reporting entity to take appropriate action to recover misspent funds, or to contain its financial liability.

Upon receipt, ETA Region I will forward the incident report to DOL Regional OIG, New York. Subsequently, Region I will advise OWO of the action to be taken by DOL Regional OIG. If OIG decides to investigate the incident, OWO will wait for OIG's results

before commencing the state-level formal resolution. If OIG decides not to investigate the incident, OWO will request, when appropriate, a special monitoring review or an investigation by the appropriate state entities. Otherwise, OWO will require the sub recipient to submit its fact finding and local resolution.

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 OWO when the incident report is submitted.

Allegations of fraud, abuse, or other criminal activity in WIOA-funded programs may originate from sources other than sub recipients. Such sources may include informants, independent auditors, or local law enforcement agencies. Whenever OWO receives an allegation from such source, O W O will prepare an incident report and submit it to Region I, in accordance with this directive. In such a case, O W O will, when appropriate, inform the subject sub recipient of the incident reported and advise the latter of the need to take certain action.

During an investigation, based on a report of fraud or abuse, DOL OIG investigators or auditors may contact a sub recipient regarding an incident of which the sub recipient was not previously aware. Upon learning of the incident from federal sources, the sub recipient should contact OWO to determine whether the latter is aware of the incident. If the sub recipient is not aware of the allegations but OWO is; then the latter will, when appropriate, inform the former of the specific allegations contained in the incident report.

Action: Bring this directive to the attention of all affected staff.

Inquiries: If you have any questions about the information contained in this directive, please contact, the OWO Director OWO, at (603) 271-7275.

Attachment: USDOL Reporting Instructions and Incident Report form

Effective Time Period: July 1, 2012 – ongoing; Revised effective July 1, 2020.