


**Date:** December 5, 2007

**To:** Pacific Gateway Workforce Investment Network Staff  
WIN Sub-Recipients

**From:** Bryan S. Rogers   
WIB Executive Director

**Subject:** **POLICY MEMORANDUM: WDB-21  
INCIDENT REPORTING**

## **EFFECTIVE DATE**

This policy is effective upon date of issue. It supersedes previous policy dated April 3, 2006.

## **PURPOSE**

The purpose of this policy is to provide procedures for reporting incidents, including but not limited to, criminal fraud, criminal abuse or other criminal activities and non-criminal complaints, such as waste of funds, to the Pacific Gateway Workforce Investment Network's (Network) Quality Assurance Unit. This memorandum applies to all sub-recipients of programs funded by the Pacific Gateway Workforce Investment Board (Board) and Network.

## **BACKGROUND**

The Workforce Investment Act (WIA) regulations, Title 20 CFR Section 667.630, requires that information and complaints involving criminal fraud, waste, abuse or other criminal activity must be reported immediately through the Department of Labor's Incident Reporting System to the Office of Inspector General (OIG) with a copy simultaneously provided to the Employment and Training Administration (ETA). The Incident Reporting System also processes non-criminal complaints regarding mismanagement and gross waste of funds.

In addition, Workforce Investment Division Directive WIAD02-3 requires the detecting entity to report all allegations of WIA-related fraud, abuse, and criminal activity to the Employment Development Department's Compliant Review Division (CRD).



## DEFINITIONS

The federal definitions that follow are provided for use as a guide in the identification of fraud, abuse, and other criminal activity. Since the definitions cannot address every possible activity, questions as to whether an activity is reportable under this policy should be referred to the Quality Assurance Unit for clarification and guidance.

- **Fraud** is any deceitful act or omission, or willful device used with the intent to obtain some unjust advantage for one party, or to cause an inconvenience or loss to another party. Types of fraud include embezzlement, forgery, theft, solicitation and receipt of bribes (kickbacks), and falsification of records and claims regarding trainees (e.g., knowingly enrolling ineligible participants). Criminal fraud is a type of larceny and is punishable under both federal and California law as a felony. Civil fraud is subject to tort actions under civil laws.
- **Misapplication of Funds** is defined as any use of funds, assets, or property not authorized or provided for in the grant or contract. This category includes, but is not limited to, nepotism, political patronage, use of participants for political activity, intentional services to ineligible enrollees, conflict of interest, failure to report income derived from federal funds, violation of contract provisions, maintenance of effort violations, and the use of the Workforce Investment Act (WIA) funds for other than WIA purposes.
- **Gross Mismanagement** is defined as actions, or situations arising out of management ineptitude or oversight, which lead to a major violation of contract provisions and/or which severely hamper accomplishment of program goals. These include situations, which lead to waste of government resources and put into serious jeopardy future support for a particular project. This category includes, but is not limited to, unauditible records, unsupported costs, highly inaccurate fiscal and/or program reports, payroll discrepancies, payroll deductions not paid to the Internal Revenue Service or the State of California, and the lack of internal control procedures.
- **Employee/Participant Misconduct** should be considered as actions occurring during or outside work hours, that reflect negatively on the program or its purpose, and may include, but are not limited to, conflict of interest involving outside employment, business and professional activities, and the receipt or giving of gifts, fees, entertainment, and favors; misuse of federal property; misuse of official information; and other activities that might adversely affect the confidence of the public regarding the integrity of government.
- **Standard of Conduct Violations** are violations of terms and conditions stipulated in the subgrant agreement. The relevant stipulations in the sub-grant agreement are General Assurances, Employment of Former State Employees, Conducting Business Involving Relatives, Conducting Business Involving Close Personal Friends and Associates, Avoidance of Conflict of Economic Interest, and Maintenance of Effort.

## **PROCEDURES**

All sub-recipients of WIA funding from the Pacific Gateway Workforce Investment Board must establish, document, and implement procedures to immediately notify the Network's Quality Assurance Unit of any suspected or proven fraud, abuse, or other criminal activity involving WIA-funded activities.

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 WIA funds resulting from the incident.

Please note that 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 WIA funds by taking prompt and appropriate corrective action when any evidence of a violation of WIA or its implementing regulations is found.

## **REPORTING**

Within one workday of detection or discovery of information alleging fraud, abuse, or other criminal activity involving WIA funds, the sub-recipient must prepare a written incident report. The report must be submitted on the attached form or similar document containing the requested information.

Submit the report to:

Attention: Compliance Resolution Unit  
Compliance Review Division, MIC 22M  
Employment Development Department  
P.O. Box 826880  
Sacramento, CA 94280-0001

And to the OIG at their web site [www.oig.dol.gov/hotnet1.htm](http://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.**

A copy of the written incident report must also be submitted to the Pacific Gateway Workforce Investment Network at the following address:

Pacific Gateway Workforce Investment Network  
3447 Atlantic Ave.  
Long Beach, California 90807  
Attn: Gary Flaxman, Operations Officer

**REFERENCES**

- Title 20 Code of Federal Regulations (CFR) Sections 667.505 and 667.630
- WIA Directive WIAD02-3 Incident Reporting (September 10, 2002)

**CONTACT**

Should you have any questions regarding this Policy Memorandum, please contact Arleen Ward at (562) 570-3680; TTY (562) 570-4629.

Thank you.

BSR:mh