

## Fraud & Abuse Procedures

Directive: WSD 12-18

Subject: Incident Reporting (Fraud & Abuse)

Dated: Revised June 12, 2013/in compliance with WIOAD02-3

### General:

**All subrecipients that receive WIOA funds shall promptly report to the CRO and OIG, all allegations of WIOA-related fraud, abuse, and other criminal activity.**

**Each subrecipient shall establish appropriate internal procedures to prevent and detect fraud, abuse, and criminal activity. These procedures must include a reporting process to ensure that the CRO and OIG are notified immediately of any allegations of WIOA-related fraud, abuse, or criminal activity. Internal procedures must be in writing and include the designation of a person on the subrecipients' staff who will be responsible for such notifications.**

**Subrecipient contractors 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 subrecipient contractors 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, the CRO and OIG immediately. Proof of this notification must be maintained in the funding entity's files. Subrecipients 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 the CRO and OIG 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 subrecipient are to be forwarded in a supplemental incident report.**

The reporting procedures do not supersede the responsibility for subrecipients 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. Attachment 1 includes a glossary of terms related to reportable issues.

### Reporting:

***Within one workday of detection or discovery of information alleging fraud, abuse, or other criminal activity involving WIOA funds, the detecting entity shall prepare a written incident report. The report must be submitted on the attached incident report form or similar document containing the requested information. Submit the report to both the CRO and OIG as follows:***

**CRO**                      Mail:                      Attention: Compliance Resolution Unit  
Compliance Review Office, MIC 22  
Employment Development Department  
P.O. Box 826880  
Sacramento, CA 94280-0001

**OIG**                      (choose one of the following methods)  
Website:                [www.oig.dol.gov/hotlinecontact.htm](http://www.oig.dol.gov/hotlinecontact.htm)  
Telephone:            1-800-347-3756  
FAX:                    (202) 693-7020  
Mail:                    Office of Inspector General  
Complaints Analysis Office  
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) 653-0298 and by calling the OIG Hotline at 1-800-347-3756 and ***followed immediately thereafter by a written incident report.***

The Workforce Services Division will forward any incident report it receives to the CRO. The CRO will record any incident report it receives in the WIOA Incident Report System and forward the incident report to DOL/ETA, Region 6, within one working day of receipt. However, the CRO may have to contact the reporting entity for clarification or additional details prior to forwarding it to Region 6. Concurrently with its transmittal of the incident report to Region 6, the CRO will, when applicable, notify the reporting entity to take appropriate action to recover misspent funds, or to contain its financial liability.

Upon receipt, Region 6 will forward the incident report to the DOL Regional OIG, San Francisco. Subsequently, Region 6 will advise the EDD of the action to be taken by the DOL Regional OIG. If the OIG decides to investigate the incident, the CRO will wait for the OIG's results before commencing the state-level formal resolution. If the OIG decides not to investigate the incident, the CRO will request, when appropriate, a special monitoring review or an investigation by the appropriate state entities. Otherwise, the CRO will require the subrecipient 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 the CRO when the incident report is submitted.***

Allegations of fraud, abuse, or other criminal activity in WIOA-funded programs may originate from sources other than subrecipients. Such sources may include informants, independent auditors, or local law enforcement agencies. Whenever the EDD receives an allegation from such source, the CRO will prepare an incident report (DOL Form DL 1-156) and submit it to Region 6, in accordance with this directive. In such a case, the CRO will, when appropriate, inform the subject subrecipient 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, the DOL OIG investigators or auditors may contact a subrecipient regarding an incident of which the subrecipient was not

previously aware. Upon learning of the incident from federal sources, the subrecipient should contact the CRO to determine whether the latter is aware of the incident. If the subrecipient is not aware of the allegations but the CRO is, then the CRO will, when appropriate, inform the subrecipient of the specific allegations contained in the incident report.

Action will not 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 or her position will be compromised by reporting information via an incident report, he or she may send the report directly to the OIG.

Each subrecipient 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 CRD 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 subrecipients' staff who will be responsible for such notifications.

Lower-tier subrecipients will establish, document and implement procedures to immediately notify the funding entity (WIB) of any suspected or proven fraud, abuse or other criminal activity involving WIOA-funded activities. Funding entities must provide written notification to lower-tier subrecipients 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 CRD immediately. Proof of this notification must be maintained in the funding entity's files. Subrecipients 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 CRD 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 subrecipient are to be forwarded in a supplemental incident report.

The reporting procedures do not supersede the responsibility for subrecipients 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.

It will be the responsibility of the WDB's Deputy Director to complete the notification documentation and obtain the signature from the Executive Director prior to submission to CRD. The WIOA and Board of Supervisors and the WIOA regional advisor will receive copies of all related documentation.