

DIRECTIVE

WORKFORCE SERVICES

Number: WSD12-18

Date: June 12, 2013

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TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: INCIDENT REPORTING

EXECUTIVE SUMMARY:

Purpose:

This directive provides procedures for reporting criminal activity and noncriminal complaints to the Compliance Review Office (CRO) of the Employment Development Department (EDD) and the Department of Labor's (DOL) Office of Inspector General (OIG).

Scope:

This directive applies to Local Workforce Investment Areas (local area) and other subrecipients of programs funded under the Workforce Investment Act (WIA).

Effective Date:

This directive is effective on the date of its issuance.

REFERENCES:

- Title 20 Code of Federal Regulations (CFR) Sections 667.505 and 667.630
- DOL Training Employment and Guidance Letter 2-12, Employment and Training Administration (ETA) Grant Recipient Responsibilities for Reporting Instances of Suspected Fraud, Program Abuse and Criminal Conduct (July 12, 2012)

STATE-IMPOSED REQUIREMENTS:

This document contains some State-imposed requirements. These requirements are indicated by ***bold italic*** type.

FILING INSTRUCTIONS:

This directive supersedes WIA Directive WIAD02-3 dated September 10, 2002, and finalizes Workforce Services Draft Directive WSDD-84, issued for comment on April 30, 2013. The Workforce Services Division received two comments during the draft comment period. The comments received resulted in two substantive changes to the directive which are viewed as highlighted text. The highlighted text will remain on the Internet for 30 days from the issuance date. A summary of comments is provided as Attachment 3. Retain this directive until further notice.

The EDD, an equal opportunity employer/program, is a partner in this publication. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling (916) 654-8055 (Voice). TTY users, please call the California Relay Service at 711.

BACKGROUND:

Per Title 20 CFR Section 667.630, information and complaints involving criminal fraud, waste, abuse or other criminal activity must be reported immediately through DOL's Incident Reporting System to the OIG with a copy simultaneously provided to the ETA. Complaints of a noncriminal nature, such as mismanagement and gross waste of funds, may also be reported through DOL's Incident Reporting System.

When an individual has knowledge or suspicion of a violation of the WIA or its regulations, the individual must take prompt and appropriate action.

POLICY AND PROCEDURES:

Definitions:

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

Subrecipient, for this directive, means local areas and other recipients that receive WIA funds directly from the State.

Subrecipient Contractor means a recipient that does not receive WIA funds directly from the State.

General:

All subrecipients that receive WIA funds shall promptly report to the CRO and OIG, all allegations of WIA-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 WIA-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 WIA-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 WIA 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

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 WIA-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.

ACTION:

Please bring this directive to the attention of all relevant parties.

INQUIRIES:

If you have questions concerning this directive, contact your assigned [Regional Advisor](#).

/S/ JOSÉ LUIS MÁRQUEZ, Chief
Workforce Services Division

Attachments are available on the Internet:

1. [Glossary of Terms](#) (PDF)
2. [Incident Report Form](#) (DOC)
3. [Summary of Comments](#) (PDF)