



Spokane Area Workforce Development Council

FRAUD & INCIDENT REPORTING

Spokane Area Workforce Development Council Policies and Procedures

POLICY #: G204

Effective Date: May 30, 2014

BACKGROUND:

This policy describes the Spokane Area Workforce Development Council's (SAWDC) fraud and incident reporting requirements for all funding sources and funded subcontracts, including Workforce Investment Act (WIA), to ensure that all resources are being used lawfully and effectively. State law (RCW 43.09.185) requires all state agencies and local governments to immediately notify the State Auditor's Office in the event they become aware of a known or suspected loss of public resources or other illegal activity.

The detection and prevention of fraud and abuse in programs authorized by the Department of Labor are of the highest priority. Therefore, the SAWDC has established appropriate internal expectations and procedures for its office and for all subcontractors to prevent and detect fraud, abuse, gross mismanagement or misuse of program funds, and criminal activity.

POLICY:

The SAWDC must immediately document allegations, suspicions and complaints involving possible fraud, program abuse and criminal misconduct using the attached Incident Report form. The following details reporting requirements for Workforce Investment Act (WIA) and non-WIA public funds.

WIA Funds/Contracts

For federal funds either directly or indirectly received from the U.S. Department of Labor, Employment and Training Administration, the SAWDC follows the procedures set forth in the Training and Employment Guidance Letter (TEGL) 2-12, and any additional releases. Follow the procedures set forth herein for documenting, immediately reporting, and following-up such instances.

1. Internal controls must be in place to prevent the possibility of fraudulent activity within the organization. However, if the known or suspected activity of fraud is related to the organization, this information should be immediately reported to the CEO or management unrelated to the activity.
2. Appropriate actions will be taken immediately to stop the fraudulent activities, safeguard remaining assets and records, and prevent future instances from recurring, including personnel action if necessary.
3. Whenever the entity reporting the allegation of an incident believes that immediate action to prevent further financial loss or other damage is necessary, or may be impeded if immediate action is not taken, then 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 SAWDC when the incident report is submitted.
4. All incident reports, emergency or other, must be sent to the State Auditor's Office, Employment Security Department (ESD), and the Office of Inspector General (OIG) using the contact information

provided below. The SAWDC and its subrecipients will use the attached Incident Report Form OIG 1-156 to immediately document and report suspicions, allegations or complaints involving:

- WIA-related fraud
- Misfeasance, nonfeasance or malfeasance
- Misapplication of funds; gross mismanagement
- Employee/participant misconduct
- Other potential or suspected criminal actions

5. 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 within one working day in the form of an Incident Report.
6. All subrecipients of the SAWDC shall also adhere to the state and federal reporting requirements noted herein for all incidents of fraud as detailed in this policy of federal funds, as well as notifying the SAWDC immediately of any suspected fraud.
7. Report Submission: All incidents must be reported **to each** of the following entities either by phone, mail or email:

Spokane Area Workforce Development Council
2000 N Greene St., MS 2158
Spokane, WA 99217
509-533-8474
jfacer@wcdspokane.com

Employment Security Department
Attn: Incident Reporting Internal Audit Office
PO Box 9046
Olympia, WA 98507-9046
360-902-9718
VDeBoer@esd.wa.gov

Office of Inspector General
Complaints Analysis Office
200 Constitution Avenue, N.W. Room S-5506
Washington, D.C. 20210
1-800-347-3756
hotline@oig.dol.gov

Washington State Auditor's Office
Attn: Hotline
P.O. Box 40021
Olympia, WA 98504-0031
1-866-902-3900
<http://portal.sao.wa.gov/SAOPortal/Public.aspx/LossReport>
(Online form)

Non-WIA Funds/Contracts

Report Submission: All incidents must be reported **to each** of the following entities either by phone, mail or email:

Spokane Area Workforce Development Council
2000 N Greene St., MS 2158
Spokane, WA 99217
509 533-8474
jfacer@wdcspokane.com

Washington State Auditor's Office
Attn: Hotline
P.O. Box 40021
Olympia, WA 98504-0031
1-866-902-3900
<http://portal.sao.wa.gov/SAOPortal/Public.aspx/LossReport>
(Online form)

DEFINITIONS:

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 – SAWDC, 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 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 without 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, unauditible 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.

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. 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 of the WIA regulations.

Subrecipient – An entity, other than a participant or applicant, to which a recipient (or higher tier subrecipient) extends WIA Title 1 funds. (20 CFR 660.300).

ATTACHMENT:

OIG IR Form

REFERENCE:

- [Washington State Auditor's Office](#)
- [OMB Uniform Guidance: Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)
- Washington State WIA [Policy 3255-Revision 1](#)
- WorkSource Information Notice [WIN - 0048](#)
- RCW 43.09.185 Loss of public funds
- Training and Employment Guidance Letter - [TEGL 2-12](#)
- OFM SAAM Chapter 20.30.20
- WIA Final Rule 20 CFR Part 652 et al.