

October 5, 2004

To: Program Managers, Site Supervisors, Case Managers, Local Training Providers, WIA Subgrantees, Sacramento Works Career Centers (SWCCs)

From: Kathy Kossick, Executive Director

RE: **WIA INCIDENT REPORTING  
WIA DIRECTIVE #03-06, Revision #1**

**THIS DIRECTIVE IS EFFECTIVE ON OCTOBER 15, 2004**

The WIA regulations require that information and complaints involving criminal fraud, waste, abuse or other criminal activity must be reported immediately through Department of Labor's (DOL) Incident Reporting System to the Office of Inspector General (OIG) with a copy simultaneously provided to the Employment and Training Administration (ETA). Reports may be submitted to the OIG at their web-site: [www.oig.dol.gov/hotnet1.htm](http://www.oig.dol.gov/hotnet1.htm), by telephone at (800)347-3756, by fax at (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  
(800)347-3756

In addition, the State of California, Employment Development Department, in Directive WIAD02-3, requires that an incident report be submitted to:

Attention: Compliance Resolution Unit  
Compliance Review Division, MIC 22M  
Employment Development Department  
P.O. Box 826880  
Sacramento, CA 94280-0001  
(916)653-3270

This directive provides procedures to ensure that instances of fraud, abuse or other criminal activity associated with WIA-funded activities are reported. The procedures do not supersede the responsibility for WIA-funded programs to

safeguard WIA funds by taking prompt and appropriate corrective action when any evidence of a violation of WIA or its implementing regulations is discovered.

**Reporting Procedures:**

1. Within one workday of detection or discovery of information alleging fraud, abuse or other criminal activity involving WIA funds, a written incident report must be prepared and submitted by the detecting entity.
2. The incident report must include a statement of all known facts, information and allegations, as well as any known or estimated loss of WIA funds resulting from the incident.
3. The incident report must be submitted even though not all facts are readily available. Any subsequent facts, information and/or allegations may be submitted later in a supplemental incident report.
4. Any immediate action taken or planned to be taken by the reporting entity must be included in the incident report.
5. Incident reports must be submitted to the following entities:

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

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

Sacramento Employment and Training Agency  
Administration Department  
925 Del Paso Blvd., Suite 100  
Sacramento, CA 95815  
ATTN: Mr. Rod Nishi  
(916)263-3856

6. To assist with reporting, an Incident Report form is attached and may be used to provide the required information. In addition, a Glossary of Terms is attached.

If you have questions regarding this Directive, please contact Roy Kim at (916) 263-4335 or Rod Nishi at (916) 263-3856.

## INCIDENT REPORT

<p>1. Type of report (check one)</p> <p><input type="checkbox"/> Initial</p> <p><input type="checkbox"/> Supplemental</p> <p><input type="checkbox"/> Other:</p>	<p>2. Type of incident (check one)</p> <p><input type="checkbox"/> Conduct violation</p> <p><input type="checkbox"/> Criminal violation</p> <p><input type="checkbox"/> Program violation</p>
<p>3. Allegation against (check one)</p> <p><input type="checkbox"/> Contractor</p> <p><input type="checkbox"/> Program Participant</p> <p><input type="checkbox"/> Other:</p> <p><i>[Provide name and position of employee(s), list telephone number, Social Security number, if applicable, and any other identifying data.]</i></p>	
<p>4. Location of incident</p> <p><i>[Provide complete name(s) and addresses of organizations(s) involved]</i></p>	
<p>5. Date and time of incident:</p>	
<p>6. Source of complaint (check one)</p> <p><input type="checkbox"/> Audit    <input type="checkbox"/> Contractor    <input type="checkbox"/> Program Participant    <input type="checkbox"/> Public</p> <p><input type="checkbox"/> Investigative Law Enforcement Agency:</p> <p><input type="checkbox"/> Other: <i>[Provide name and telephone number so additional information can be obtained.]</i></p>	
<p>7. Contacts with law enforcement agencies</p> <p><i>[Provide name(s), agency contacted and results]</i></p>	
<p>8. Persons who can provide additional information</p> <p><i>[Include custodian of records name, position or job title, employment, local address (street, city and state) and telephone number]</i></p>	
<p>9. Details of incident</p> <p><i>[Describe the incident in as much detail as possible]</i></p>	

## Glossary of Terms

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 should be referred to SETA 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), 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, unauditable 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 subgrant 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.