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November 24, 2021

To: WIOA and Other Subrecipients of the Orange County
Workforce Development Area

From: Carma Lacy
Director of Workforce Development

Subject: Incident Reporting of Waste, Fraud and Abuse Policy
Information Notice No. 21-OCWDB-17
Supersedes Information Notice No. 13-OCWDA-01 

PURPOSE

This policy provides the guidance and establishes the procedures for reporting allegations of criminal fraud, program abuse, or criminal conduct involving grantees or other entities and Service Providers receiving federal funds through the Employment Development Department (EDD) to the EDD Compliance Review Office (CRO).

EFFECTIVE DATE

This policy is effective immediately upon issuance.

REFERENCES

- Title 2 Code of Federal Regulations (CFR) Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) Section 200.113
- Title 20 CFR Section 683.620
- DOL Training and Employment Guidance Letter (TEGL) *Employment and Training Administration (ETA) Grant Recipient Responsibilities for Reporting Instances of Suspected Fraud, Program Abuse and Criminal Conduct* (July 12, 2012)
- EDD Workforce Services Directive 20-12, *Incident Reporting* (May 11, 2021)

BACKGROUND

Information and complaints involving criminal fraud, waste, abuse or other criminal activity must be reported immediately to the Department of Labor's (DOL) Incident Reporting System through the Employment Development Department (EDD) Compliance Review Office (CRO). Service Providers may become aware of actual, potential, or suspected fraud; gross mismanagement or misuse of program funds; conduct violation; violations of regulations; and abuse in WIOA programs. Complaints of a noncriminal nature are to be handled according to OCWDB's Program Grievance and Complaint Policy. For information on complaints alleging discrimination



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under WIOA Section 188 and/or Title 29 CFR Part 38, see OCWDB Nondiscrimination and Equal Opportunity Policy.

Definitions

Complaint – Allegations of criminal activity and serious misconduct incidents and allegations of fraud, waste, and abuse concerning federally-funded grants, contracts, programs and operations, and dangers to the public health and safety.

Emergency – A situation involving imminent health or safety concerns, or the imminent loss of funds exceeding an amount much larger than \$50,000 (e.g., \$500,000).

Employee/Participant Misconduct – Actions occurring during or outside work hours that reflect negatively on OCWDB or Employment Development Department 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.

Policy and Procedures

All Service Providers must promptly report all allegations of WIOA-related fraud, abuse, and other criminal activity to OCWDB and the EDD Compliance Review Office (CRO). Service Providers have a responsibility to be alert for instances of fraud, abuse, and criminal activity committed by staff, contractors, or program participants and to report all instances. Each Service Provider is to designate a staff member who will be responsible for reporting

allegations. Service Provider must post instructions for staff and the general public on how to report fraud, waste or abuse. These instructions shall include to the County of Orange Fraud Hotline.

Reporting

A Service Provider must report an alleged incident within **one working day** of detection.

1. Complete a written Incident Report (Attachment I) that contains 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.
2. Submit Incident Report to the OCWDB Program Manager, EDD Compliance Review Office at PACBCROIncidentReports@edd.ca.gov, and the County of Orange Fraud Hotline at 1-714-834-3608. Upon receipt of a Service Provider Incident Report, OCWDB will also file a report with the County of Orange Fraud Hotline.
3. Allegations considered to be of an emergency nature may be reported by telephone to the EDD Compliance Resolution Unit Supervisor at 1-916-654-8354 and followed immediately thereafter by the written Incident Report.
4. EDD CRO may need to contact the reporting entity for clarification or additional details.
5. Service Providers may also report allegations directly to the US Department of Labor's (DOL) Office of Inspector General (OIG) or by calling the OIG Hotline at 1-800-347-3756, if deemed appropriate.
6. Any facts subsequently discovered by the Service Provider must be forwarded in a supplemental Incident Report (using Attachment I).
7. Documentation related to the incident report must be maintained in the Service Provider's files for a period of three years from the date of submission of the final expenditure report of the funding year.
8. The reporting entity may be contacted by OCWDB, CRO, or OIG to take appropriate actions to recover misspent funds or to contain its financial liability.

OCWDB will report the outcome of any criminal, civil, or administrative proceedings according to 41 U.S. Code 2313 to the Federal Awardee Performance and Integrity Information System (FAPIIS).

If a Service Provider suspects fraud, waste, or abuse by a staff person, contractor, or program participant and immediate action is necessary to prevent further financial loss or enable recovery of funds or property, the Service Provider 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 included on the associated Incident Report.

Reporting entity may remain anonymous. If a reporting entity considers that their position will be compromised by reporting information through an Incident Report, the complainant may submit the report directly to the OIG. The OIG Hotline should not be used for resolving employee grievances, Equal Employment Opportunity complaints, labor disputes, or other personnel concerns.

ACTION

Bring this policy to the attention of all staff and relevant parties.

INQUIRIES

If you have any questions regarding this policy, please contact your Contract Administrator at 714-480-6500.

ATTACHMENTS

Attachment I: Incident Report

Orange County Workforce Development Board

INCIDENT REPORT

(Fraud, Waste, and/or Abuse)

1. **Type of report** Initial Supplemental Final Other (specify):
2. **Type of Incident** Conduct Violation Criminal Violation Program Violation
3. **Allegation against** Contractor Program Participant Other (specify):

Provide identifying information (name, position, telephone number, etc):

4. **Location of incident** (Include complete name(s) and addresses of organizations(s)/individuals involved)

5. **Date and time of incident/discovery**

6. **Source of complaint** Audit Contractor Program Participant Public
 Investigative Law Enforcement Agency (specify)
 Other (specify)

Provide name and telephone number so additional information can be obtained.

7. **Contacts with law enforcement agencies** (specify names and agency contacted and results)

8. **Details of incident**

9. **Amount of known or estimated loss of WIOA funds**

10. **Contact information**

Name:

Phone:

Organization:

Address: