



Administrative Policies

Reporting Incidents of Fraud, Program Abuse and Criminal Activity

POLICY #:	<i>ADM-3005, Rev. 3</i>
EFFECTIVE:	<i>November 22, 2024</i>
SUPERSEDES:	<i>Reporting Incidents of Fraud, Program Abuse and Criminal Activity, Rev. 2, released March 14, 2023</i>

PURPOSE:

This policy establishes procedures for reporting alleged, suspected, or known fraud, program abuse, and criminal misconduct under awards issued by the Department of Labor Employment and Training Administration (ETA).

This policy is revised in its entirety to align with the U.S. Department of Labor Employment and Training Administration's Training and Employment Guidance Letter (TEGL) 15-23, released June 13, 2024, and the Washington State Employment Security Department (ESD) Policy 1034, released, October 16, 2024. Specific updates include:

- Updated instructions for reporting known or suspected incidents of fraud, program abuse, and criminal misconduct.
- Added Whistleblower Protections.
- Added definitions.

BACKGROUND:

The detection and prevention of fraud and abuse are a top priority for the U.S. Department of Labor's programs. States, local governments, and other federally awarded recipients may become aware of actual, potential, or suspect fraud, gross mismanagement, or misuse of program funds, conduct violations, violations of regulations, and abuse in ETA funded programs that must be documented and reported to the Office of Inspector General (OIG) and ETA.

Additionally, the [Uniform Guidance](#) requires recipients of federal awards and their subrecipients to report if they have credible evidence of commission of a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code, or a violation of the [Civil False Claims Act](#) (31 U.S.C. 3729-3733). Therefore, systematic procedures for reporting instances of suspected or actual fraud, abuse or criminal conduct is vital.



POLICY:

Any individual who suspects or has knowledge of fraud, program abuse, or criminal misconduct associated with federally funded activities must immediately report their concerns to the Office of Inspector General (OIG) following the procedures outlined in this policy.

Situations involving imminent health or safety concerns, or the imminent loss of funds exceeding \$50,000 are considered emergencies and must immediately be reported to the OIG and ETA.

All incident reports, emergency or other, must be provided to the OIG using the contact information provided in this policy. Local workforce development boards (LWDBs) and their subrecipients must immediately document and report suspicions, allegations, or complaints involving:

- WIOA, or other federally related fraud
- Misfeasance (improper and unlawful execution of an act that in itself is lawful and proper), nonfeasance (failure to perform an official duty or legal requirement), or malfeasance (misconduct, especially by a public official)
- Misapplication of funds
- Gross mismanagement
- Employee/participant misconduct
- Other potential or suspected criminal action.

Reporting procedures do not supersede the responsibility for federally funded subrecipients, including WorkForce Central, to safeguard federal funds by taking prompt and appropriate corrective action when evidence of a violation of federal regulations is found. If the reporting entity believes immediate action is necessary to prevent further financial loss or damage, the reporting entity has the responsibility to take any action it deems appropriate, including contacting local law enforcement.

WHISTLEBLOWER PROTECTIONS

No action will be taken against any individual for providing information in accordance with these procedures or disclosing information concerning criminal or improper activities or making an incident report to proper authorities. Individuals reporting incidents may remain anonymous if they choose.

In addition, [Whistleblower Protection laws](#), including [41 USC 4712](#), prohibit employers (through a manager, supervisor, or administrator) from retaliating against an employee for exercising their right in engaging in a protected activity. Retaliation includes such actions as firing or laying off, demoting, denying overtime or promotion, or reducing pay or hours. An adverse action is an action



which would dissuade a reasonable employee from raising a concern about a possible violation or engaging in other related protected activity.

REPORTING PROCEDURES

Identifying and Documenting Incidents – Recipients must immediately document allegations, suspicions, and complaints involving possible fraud, program abuse, and criminal misconduct. Definitions and examples of the types of incidents that should be reported are included in the Definitions section below. The types of incidents provided are illustrative and are not all-inclusive. If an individual is unsure if a situation qualifies as an “incident” based on these definitions, the recipient should err on the side of caution and report it in accordance with the procedures outlined in this policy.

Reporting Incidents – There are two steps for reporting incidents:

1. Reporting incidents to the OIG, and
2. Reporting the same incidents to the ETA

Individuals must promptly disclose whenever in connection with the Federal award, it has credible evidence of the commission of a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code, or a violation of the [Civil False Claims Act](#) (31 U.S.C. 3729-3733).

While all incidents must be reported as expeditiously as possible, 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 immediately be reported to the OIG and ETA no later than one working day after the emergency was discovered.

1. **Reporting incidents to the OIG Hotline Portal:** Incidents and allegations involving ETA recipients and programs should be reported to the OIG by completing the relevant fields contained in the OIG Hotline Portal (<https://www.oig.dol.gov/hotline.htm>).

When submitting an incident to the OIG Hotline Portal, please note the following:

- a. **Screen shots or photos must be taken of each of the three OIG Hotline Portal screens** (*Your Information, Alleged Violator Information, and Allegation Information*) **prior to clicking the “Next” button** to be able to complete Step ii of the process, “reporting the incident to ETA”.

Taking screen shots or photos of the three OIG Hotline Portal screens is important because as soon the “**Submit**” button is clicked, the OIG Hotline Portal does not

allow users to go back and review/capture what was submitted, nor print or download a copy of the incident report for the submitter's records.

- b. The *Your Information* screen contains a field requesting the submitter's social security number (SSN). This is NOT a required field, and it is recommended that the submitter NOT provide their SSN. **However, if the submitter does provide their SSN to the OIG, the submitter should redact their SSN before providing the screen shots or photos to ETA via email (described below).**
- c. To ensure proper identification of a submission of an incident report, **start by entering "ETA Incident Report"** in the *Allegation Description* box on the *Allegation Information* screen, and then proceed to describe the allegation.

The OIG Hotline Portal should not be used for resolving employee grievances, Equal Employment Opportunity complaints, labor disputes, or other personnel concerns.

If internet access is not available, incidents can be reported to the OIG via the Toll-Free hotline at 1-800-347-3756, or (202) 693-6999 (this is not a toll-free number).

2. **Reporting Incidents to ETA** – ETA takes allegations of any type of improper activity seriously and needs to have the same information that is being submitted to the OIG Hotline Portal for developing its oversight and monitoring strategies. Therefore, the individual filing the incident report should send the screen shots or photos taken of each of the three OIG Hotline Portal screens mentioned above to ETA via email at: ETAIncidentReporting@dol.gov. **The subject line of the email should contain: "ETA Incident Report – Washington State"** for easy identification of the ETA Regional Office that needs to be provided the information to evaluate as part of ETA's overall grant monitoring and oversight responsibilities.
3. **Instructions for submitting incident reports** - See this [hyperlink](#) for step-by-step instructions for submitting an incident report to the OIG Hotline Portal and to capture and submit screen shots or photos to ETA.
4. **Incident Referrals** – When the OIG receives an incident report from any source, the OIG determines whether the allegations have merit and, when appropriate, conducts or arranges for an investigation and/or audit.

However, if the OIG determines that the incident report does not have investigative or audit merit, the incident report is referred to ETA for resolution. In these instances, depending on the circumstances, ETA will either forward the incident report to the ETA recipient to research and report back, or ETA will work with the recipient to analyze and report on the incident. When an incident report is referred to an ETA recipient, the recipient must prioritize this activity, so ETA can report the resolution to the OIG in a timely manner.

DEFINITIONS:

Employee/Participant Misconduct: 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 (see 29 CFR Part 0; CFR Parts 2635 and 5201), as well as serious violations of federal and state laws.

Fraud, Misfeasance, Nonfeasance, or Malfeasance: Any alleged deliberate action or inaction which may be in violation of federal statutes and regulations. This category includes but is not limited to incidents 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 (fake) 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 statutory (such as Workforce Innovation and Opportunity Act or Wagner-Peyser) processes, 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 program/project. This category includes but is not limited to unauditible records, unsupported costs, highly inaccurate fiscal or program reports, payroll discrepancies, payroll deductions not paid to the Internal Revenue Service (IRS), 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, conflicts 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.

REFERENCES:

- Workforce Innovation and Opportunity Act (WIOA)
- Title 18 of the United States Code
- The False Claims Act, 31 U.S.C. 3729-3733
- 20 CFR 683.420; 430; and .620
- 2 CFR 200.113
- 29 CFR Part 0
- ESD Policy 1034

ATTACHMENT:

- [Instructions for submitting incident reports](#)

WorkForce Central is an equal opportunity employer/program. Auxiliary aids and services are available upon request for individuals with disabilities. Washington Relay Service – 711.