SCW REPORTING INCIDENTS INVOLVING WIOA FUNDING

Policy Number: 222, Revision 3
Effective Date: July 1, 2019
Revision Date: July 7, 2026

I. BACKGROUND

20 CFR 683.620 and Training and Employment Guidance Letter (TEGL) 2-12 provide expectations and requirements for immediately reporting information and complaints involving criminal fraud, waste, abuse or other criminal activity to the Office of the Inspector General (OIG).

Upon receipt of an Incident Report (IR), the OIG determines whether the allegations have merit and, when appropriate, conducts or arranges for an investigation and/or audit. If the OIG determines that the case does not merit an investigation or audit, the case is referred back to Department of Labor (DOL) for resolution.

No action will be taken against any individuals who disclose information concerning criminal or improper activities or who make a valid complaint to proper authorities. These individuals may remain anonymous. If individuals believe that their position will be compromised by reporting information through the incident reporting system, they may send reports directly to the OIG or the DOL Office of Financial and Administrative Management (OFAM).

II. POLICY

The SCW and subrecipients must immediately document allegations, suspicions and complaints involving possible fraud, program abuse and criminal misconduct using the attached Incident Report form. 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 SCW when the incident report is submitted.

4. All incident reports, emergency or other, must be provided to ESD and the OIG using the contact information provided below. The SCW and their subrecipients must immediately document and report suspicions, allegations or complaints involving:
   WIOA-related fraud;
   Misfeasance, nonfeasance or malfeasance;
   Misapplication of funds;
   Gross mismanagement;
   Employee/participant misconduct; or
   Other potential or suspected criminal action.

   NOTE: Types of reportable incidents (with additional context) are listed in the definitions section.

5. 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 ESD and the OIG.

6. All subrecipients of the SCW 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 SCW immediately of any suspected fraud.

7. Subrecipients must submit the Incident Report Form to the SCW at:

Attention: Chief Operating Officer
South Central Workforce
1205 Ahtanum Ridge Dr., Suite B
Union Gap, WA 98903

8. The SCW will submit all incidents to the following:

Employment Security Department: (choose one of the following methods)	AND	Office of Inspector General: (choose one of the following methods)

Email:
ESDGPCommissionerRequests@esd.wa.gov; or

Mail: Office of Commissioner
Employment Security Department
Attention: WIOA Incident Report
P.O. Box 9046
Olympia, WA 98507-9046

For questions or instructions call the Internal Audit Office at 360-902-9206

Hotline Online Complaint Form:
https://www.oig.dol.gov/hotline.htm

FAX: (202) 693-7020; or

Mail Address: Attention: Hotline Office of Inspector General U.S. Department of Labor
200 Constitution Avenue, N.W., Room S-5514
Washington, D.C. 20210

Hotline for emergency situations: 1-800-347-3756 or 202-693-6999

NOTE: Per requirements of 20 CFR 683.620 to copy Department of Labor Employment and Training Administration (DOLETA) on submitted incident reports, ESD will forward any incident report it receives to DOLETA on behalf of the reporting entity.

DEFINITIONS

Emergency – A situation involving imminent health or safety concerns, or the imminent loss of funds exceeding $50,000.

Employee/Participant Misconduct – LWDB, subrecipient, 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 or professional activities; the receipt or giving of gifts, fees, entertainment, and favors; misuse of Federal property; and/or, 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 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, or misrepresenting information in official reports.

Gross Mismanagement – Actions or situations arising out of management ineptitude or oversight 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, un auditable records, unsupported costs, highly inaccurate fiscal reports or program reports, payroll discrepancies, payroll deductions not paid to the Internal Revenue Service, or 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, and failure to report income from Federal funds, violation of contract/grant procedures, or 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.

Subrecipient - An entity that receives federal assistance passed through from a prime recipient or another subrecipient to carry out or administer a WIOA program. Distinguishing characteristics of a subrecipient include:

- Determining eligibility for assistance;
- Performance measured against meeting the objectives of the program;
- Responsibility for programmatic decision making;
- Responsibility for applicable program compliance requirements;
- Use of the funds passed through to carry out a program of the sub-entity as compared to providing goods or services for a program of the prime recipient.

ATTACHMENTS

- Attachment 1: SCW Incident Report Form

REFERENCES

- 20 CFR 683.430 and 683.620
- TEGL 15-23
- WorkSource System Policy 5412, Revision 2 – Reporting Incidents Involving WIOA Funding

---