

NoRTEC POLICY STATEMENT

INCIDENT REPORTING

Effective Date: July 1, 2002
Last Updated: September 17, 2014

Definitions

Complaint means criminal complaint and noncriminal complaints accepted by the United States Department of Labor (DOL) Office of Inspector General (OIG) as incidents, such as gross waste of funds, mismanagement and dangers to the public health and safety.

Subrecipient means an entity that receives Workforce Investment Act (WIA) funds directly from NoRTEC.

Lower-tier Subrecipient means a recipient of WIA funds who receives those funds from one of NoRTEC's subrecipients.

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), and 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, unauditible 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.

General

All NoRTEC staff members and subrecipients that receive WIA funds must be alert for instances of fraud, abuse, and criminal activity committed by staff, contractors, or program participants and report all such instances to NoRTEC, OIG and the California Employment Development Department (EDD) Compliance Review Division (CRD) immediately. The reporting procedure described below shall be used.

Each NoRTEC subrecipient shall establish appropriate internal program management procedures to prevent and detect fraud, abuse, and criminal activity. These procedures must include a reporting process to ensure that OIG and CRD are notified immediately of any allegations of WIA-related fraud, abuse, or criminal activity. Internal management procedures must be in writing and include the designation of a person on the subrecipients' staff who will be responsible for such notifications.

The NoRTEC staff member responsible for such notifications is: Terrienne Brown

NoRTEC subrecipients must establish, document, and implement procedures to immediately notify NoRTEC of any suspected or proven fraud, abuse, or other criminal activity involving WIA-funded activities. Funding entities must provide written notification to their own lower-tier subrecipients regarding their responsibilities to be alert for instances of fraud, abuse, and criminal activity committed by staff, contractors, or program participants and to report all such instances to the funding entity, OIG and CRD immediately. Proof of this notification must be maintained in the funding entity's files. Subrecipients detecting the presence or appearance of fraud, abuse, or other criminal activity must obtain 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 WIA funds resulting from the incident. It is important that an initial report is made to OIG and CRD within one working day of the detection of the incident. The submission of an incident report should not be delayed even if all facts

are not readily available. Any facts subsequently developed by the subrecipient are to be forwarded in a supplemental incident report.

The reporting procedures do not supersede the responsibility for subrecipients to safeguard WIA funds by taking prompt and appropriate corrective action when any evidence of a violation of WIA or its implementing regulations is found.

Reporting

Within one workday of detection or discovery of information alleging fraud, abuse, or other criminal activity involving WIA funds, a written incident report shall be prepared by the detecting entity. The report must be submitted on the attached [Incident Report Form](#) or similar document containing the requested information.

Submit the report to the following:

Attention: Terrienne Brown
NoRTEC
525 Wall Street
Chico, CA 95928

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

And to the OIG at their Web site <http://www.oig.dol.gov/hotnet1.htm>, by telephone at 1-800-347-3756, by fax to (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

Allegations considered to be of an emergency nature may be reported by telephone to, the Compliance Resolution Unit Supervisor at (916) 653-3270 and by calling the OIG/DOL Hot Line at 1-800-347-3756 and followed immediately thereafter by a written incident report.

The Workforce Investment Division will forward any incident report it receives to CRD. The CRD will record any incident report it receives in the WIA Incident Report System and forward the incident report to DOL/ETA, Region 6, within one working day of receipt. However, CRD may have to contact the reporting entity for clarification or additional details prior to forwarding it to Region 6. Concurrently with its transmittal of the incident report to Region 6, CRD will, when applicable, notify the reporting entity to

take appropriate action to recover misspent funds, or to contain its financial liability.

Upon receipt, ETA Region 6 will forward the incident report to DOL Regional OIG, San Francisco. Subsequently, Region 6 will advise EDD of the action to be taken by DOL Regional OIG. If OIG decides to investigate the incident, CRD will wait for OIG's results before commencing the state-level formal resolution. If OIG decides not to investigate the incident, CRD will request, when appropriate, a special monitoring review or an investigation by the appropriate state entities.

Otherwise, CRD will require the subrecipient to submit its fact finding and local resolution. Whenever the entity reporting the allegation of an incident believes that immediate action to prevent further financial loss or other damage is necessary, or recovery of funds or property may be impeded if immediate action is not taken, 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 CRD when the incident report is submitted.

Allegations of fraud, abuse, or other criminal activity in WIA-funded programs may originate from sources other than subrecipients. Such sources may include informants, independent auditors, or local law enforcement agencies. Whenever EDD receives an allegation from such source, CRD will prepare an incident report (DOL Form DL 1-156) and submit it to Region 6, in accordance with this directive. In such a case, CRD will, when appropriate, inform the subject subrecipient of the incident reported and advise the latter of the need to take certain action.

During an investigation, based on a report of fraud or abuse, DOL OIG investigators or auditors may contact a subrecipient regarding an incident of which the subrecipient was not previously aware. Upon learning of the incident from federal sources, the subrecipient should contact CRD to determine whether the latter is aware of the incident. If the subrecipient is not aware of the allegations but CRD is; then the latter will, when appropriate, inform the former of the specific allegations contained in the incident report.