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I. APPLICABILITY/SCOPE

This policy applies to program services delivered through the U.S. Department of Labor Workforce Innovation and Opportunity Act (WIOA) and Strengthening Working Families Initiative (SWFI) Grant. This policy impacts all internal and external partners who are part of service delivery.

II. PURPOSE

This policy outlines protocol for reporting a suspected incident of fraud. This policy also defines fraud and the different types of fraud to ensure all internal and external stakeholders understand the severity of each act. The purpose of this policy is to share the process of reporting suspected incidents of fraud and/or abuse of Workforce Innovation and Opportunity Act (WIOA) funds and/or Strengthening Working Families Initiative (SWFI) funds. Procedures accompanying this policy noted are in accordance with federal statutory and regulatory provisions governing procurement of services for eligible Local Workforce Development Boards (LWDB) or service providers receiving WIOA Adult, Dislocated Worker and Youth Title IB funds in addition to adherence to SWFI protocols.

III. BACKGROUND


Information and complaints involving criminal fraud, waste, abuse or other criminal activity related to the WIOA programs must be reported immediately. The scope of this policy encompasses actions by any staff or official of the WIOA program, local area, as well as staff, officials, and program participants of recipients, subrecipients, and contractors, and it is with this intent that they are responsible to be alert for instances of fraud, abuse, and/or criminal activity committed and report all such instances immediately.

All sub-recipients of Workforce Innovation and Opportunity (WIOA) Title I-B funds, including Local Workforce Development Areas (LWDAs), contractors and service providers must implement policies and procedures to prevent and detect fraud, abuse and criminal activities involving WIOA Adult, Dislocated Worker, and Youth program funds. Additionally, sub-recipients must report allegations, suspicions and complaints of possible fraud, program abuse and criminal activities involving WIOA Title I-B Funds to the U.S. Department of Labor (DOL) Office of Inspector General (OIG), the Arizona State Attorney General Office, and the Department of Economic Security (DES) Workforce Administration (WA), Office of Finance and Budget.

References: P.L. 113-128 Sections 184 and 188; 20 CFR Sections 683.200, 683.285, 683.620, 683.630, 684.630, 667.270, Department of Labor Training and Employment Guidance Letter (TEGL) No. 2-12, and Appendices I through XI, including any exceptions identified by the Department at 2 CFR part 2900.

IV. DEFINITIONS

Avoidance of Conflict Economic Interest: An executive or employee of a federal funded agreement or an elected official in the Local Workforce Development Area (LWDA) will not solicit or accept money or any other consideration from a third person for the performance of an act. Reimbursements in whole or in part by the Employment Administration/WIOA Section for supplies, materials, equipment or services purchased with sub grant funds will be used solely for purposes allowed by the Federal Workforce Innovation and Opportunity Act.

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Conducting Business Involving Relatives: No relative by blood, adoption or marriage of any executive or employee will receive favorable treatment for enrollment in services provided by or employment with, the contractor. For the purpose of this policy “relative by blood or marriage” shall include wife, husband, son, daughter, mother, father, brother, brother-in-law, sister, sister-in-law, son-in-law, daughter-in law, mother-in-law, father-in-law, aunt, uncle, niece, nephew, stepparent and stepchild.

Emergencies: Situations involving health and safety concerns or loss of funds exceeding \$50,000 are classified as emergencies. In addition to the written incident report, emergencies must be reported immediately to the fraud hotline at 1-800-347-3756.


Employee/Customer Misconduct: Actions occurring during or outside work hours that reflect negatively on the program or its purpose. These may include, but are not limited to, conflict of interest involving outside employment, business and professional activities, the receipt 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 funds.

Lower-Tier Sub-recipient: A recipient that does not receive WIOA funds directly from the State of Arizona. They are defined as contracted service providers for purposes of this policy.

Fraud: 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 Arizona law as a felony. Civil fraud is subject to tort actions under civil laws.

Gross Mismanagement: Actions or situations arising out of management ineptitude or lack of 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 no 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 Arizona and the lack of internal control procedures.

Maintenance of Effort: Any participant (including partial displacement such as reduction in the hours of non-overtime work, wages or employment benefits) shall not displace a currently employed worker. No participant shall be employed or job opening filled when: 1.) any other individual is on layoff from the same or any equivalent job. 2.) The employer has terminated the employment of any regular employee or otherwise reduced its workforce with the intention of filling the vacancy created by hiring a participant whose wages are subsidized under WIOA.

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Misapplication of Funds: 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 Innovation and Opportunity Act/SWFI funds for other than WIOA/SWFI purposes.

Standard of Conduct Violations: A violation is considered evident when the contract Terms and Conditions/General Assurances are not met. Every reasonable course of action will be taken in order to maintain the integrity of expenditures of public funds to avoid any favoritism, questionable or improper conduct. Federal funds are administered in an impartial manner, free from personal, financial or political gain. Executive staff and employees will avoid situations, which give rise to a suggestion that any decision was influenced by prejudice, bias, special interest or personal gain.

Tort: Damage, injury, or a wrongful act done willfully, negligently, or in circumstances involving strict liability, but not involving breach of contract, for which a civil suit can be brought.


Whistle Blower: Under U.S. law, a whistle blower (or whistleblower) is an employee who "tells" on an employer; because he or she reasonably believed that the employer committed an illegal act.

V. POLICY

The following protocol must be used in any suspected incident of fraud and/or abuse.

A. **REPORTING INCIDENTS**

1. All Local Workforce Development Boards (LWDB)/Grantees are required to notify their employees of the availability of the Office of Inspector General (OIG)/Department of Labor (DOL) Hotline to report information, confidentially. The LWDA Directors are to inform and provide direction to their staff and LWDB members, as well as, contracted service providers with the policy and procedures regarding the reporting requirements specific to fraud, abuse, and criminal acts against WIOA funds. This directive ensures that allegations of criminal activity and misuse of WIOA grant funds as well as, improper conduct by a staff, or board member, are concurrently reported to the OIG/DOL and the Arizona State Attorney General’s Office.
2. All staff and contracted service providers shall include a system of internal controls which:
 - a. Ensure resource use is consistent with laws, regulations and policies
 - b. Are safe guarded against waste, loss and gross mismanagement of funds
 - c. Are alerted to the potential of fraud, abuse or criminal acts in the WIOA/SWFI programs through conflicts of interest, falsification of records or reports and misappropriation of funds or other assets
 - d. Are aware of obligations to report such activities.
3. Incidents involving possible or suspected fraudulent or criminal use of WIOA funds must be reported immediately to the OIG using the DOL’s Incident Report form (OIG 1-156). Reports must also be sent concurrently to the Arizona State Attorney General’s Office and the Department of Economic Security Employment Administration, Office of Finance and Budget.

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4. All grantees/contractors staff or employees with allegations of fraud, waste, or abuse, should be advised to contact OIG directly, particularly if they want to protect their anonymity. The U.S. Department of Labor (DOL) and its divisions enforce laws that directly protect whistle blowers or have provisions to shield employees from retaliation, for reporting violations of the laws, refusing to engage in any action made unlawful by the laws, or participating in any proceedings under the laws.

B. CONTACT INFORMATION:

1. Questions about or complaints alleging a violation of the nondiscrimination provisions of WIOA section 18 may be directed to Director, Civil Rights Center (CRC), DOL.

2. National and Local Contact Information:

a. US Department of Labor /Office of Inspector General

Room S5506

200 Constitution Avenue NW

Washington D.C. 20210

Hotline number: 1-800-347-3756

www.oig.dol.gov/contact.htm

b. Arizona Attorney General

1275 W. Washington Street

Phoenix, Arizona 85007

Phone number (602) 542-5025

E-mail notifications can be made to the ASAG at ag.inquiries@azag.gov

c. Department of Economic Security, Employment

Administration, Office of Finance and Budget

Attention: Assistant Financial Manager

1789 West Jefferson Street, Mail Drop

Phoenix, Arizona 85007

Phone number (602) 542-2957

<https://des.az.gov/how-do-i/report-suspected-fraud>

d. Civil Rights Center/Director

ATTENTION: Office of External Enforcement

U.S. Department of Labor


200 Constitution Avenue, NW

Room N-4123

Washington, DC 20210

Faxed to (202) 693-6505, ATTENTION: Office of External Enforcement

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Emailed to CRCEXternalComplaints@dol.gov

VI. POLICY MANAGEMENT REQUIREMENTS

Administrative revisions to the policy may be made by the Phoenix Business and Workforce Development (PBWD) Board Executive Director, with notice to the PBWD Board's Executive Leadership Committee. All other substantive revisions will go to the PBWD Board's Executive Leadership Committee for review and recommendation to the PBWD Board for approval.

VII. ATTACHMENTS

- A. Fraud and Abuse One Pager (see below)

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FRAUD AND ABUSE PROCEDURES:

Incidents involving possible or suspected fraudulent or criminal use of WIOA funds must be reported immediately to the Office of Inspector General (OIG) using the Department of Labor’s (DOL) Incident Report form (OIG 1-156). Reports must also be sent concurrently to the Arizona State Attorney General’s Office and the Department of Economic Security Employment Administration, Office of Finance and Budget.

All grantees/contractors staff or employees with allegations of fraud, waste, or abuse, should be advised to contact OIG directly, particularly if they want to protect their anonymity. The U.S. Department of Labor (DOL) and its divisions enforce laws that directly protect whistle blowers or have provisions to shield employees from retaliation, for reporting violations of the laws, refusing to engage in any action made unlawful by the laws, or participating in any proceedings under the laws.

CONTACT INFORMATION:

US Department of Labor /Office of Inspector General
Room S5506
200 Constitution Avenue NW
Washington D.C. 20210
Hotline number: 1-800-347-3756
www.oig.dol.gov/contact.htm

Arizona Attorney General
1275 W. Washington Street
Phoenix, Arizona 85007
Phone number (602) 542-5025
E-mail notifications can be made to the ASAG at ag.inquiries@azag.gov

Department of Economic Security, Employment
Administration, Office of Finance and Budget
Attention: Assistant Financial Manager
1789 West Jefferson Street, Site Code 920Z
Phoenix, Arizona 85007
Phone number (602) 542-2957
<https://des.az.gov/how-do-i/report-suspected-fraud>

This is a summary page of the Fraud and Abuse Policy; a complete copy is available upon request.