

	Subject:	
	Fraud, Waste & Abuse Policy ARIZONA@WORK -Yuma County	
	Original Issue Date September 2009	Revision Date October 8, 2018 November 13, 2019
Authorized by: Yuma County Workforce Development Board		

Purpose: To provide guidance to the Yuma County Local Workforce Development Area (LWDA) on preventing, detecting, and reporting fraud, waste, abuse, or other criminal activities involving Workforce and Innovation Opportunity Act (WIOA) Adult, Dislocated Worker and Youth (Title 1-B) program funds under the Workforce Innovation and Opportunity Act (WIOA).

Fraud, Waste & Abuse

All sub-recipients of WIOA funds, including contractors and service providers must implement policies and procedures to prevent and detect fraud, waste abuse activities involving WIOA Adult, Dislocated Worker, and Youth program funds. Additionally, sub-recipient must report allegations, suspicions, and complaints of possible fraud, waste of funds, program abuse, and criminal activities involving WIOA Title I-B funds to the Yuma County Local Workforce Development Board (LWDB), 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: Public Law 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. Arizona Department of Economic Security WIOA Policy Manual Chapter 3/ Fiscal Policy Section 500 (Fraud and Abuse) Revision Date April 13, 2017.

Standard of Conduct

Identification processes for violations of terms and conditions are required. A violation is considered evident when the following General Assurances are not met.

- A. Every reasonable course of action has been taken in order to maintain the integrity of expenditures of public funds and avoid favoritism, questionable activity, or improper conduct.
- B. Federal funds have been administered in an impartial manner, free from personal, financial, or political gain.
- C. Executive staff and employees avoided situations, which give rise to a suggestion that any decision was influenced by prejudice, bias, special interest, or personal gain.

Reporting Requirements

All sub-recipients, including contractors and service providers must report allegations, suspicions, and complaints of possible fraud, waste of funds, program abuse, and criminal activities involving WIOA Title 1-B funds.

Reportable Issues

1. Fraud

“Fraud” is defined as the wrongful or any deceitful act, by 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).

- a. Criminal fraud is a type of larceny and is punishable under both federal and Arizona law as a felony.
- b. Civil fraud is subject to tort actions under civil laws.
- c. Tort is damage, injury, or 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.

2. Waste

“Waste” means the thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of resources owned or operated by the entity receiving Title 1B federal funds. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls.

3. Abuse

“Abuse” means the excessive, or improper use of something, or the use of something in a manner contrary to the natural or legal rules for its use; the intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of resources owned or operated by the entity receiving Title 1B funds; or extravagant or excessive use as to abuse one’s position or authority.

4. Examples of Illegal or improper activities

- a. An executive or employee of a federal funded agreement or an elected official in the LWDA has solicited or accepted money or any other consideration from a third person for the performance of an act.
- b. Reimbursements in whole or in part by the LWDB for supplies, materials, equipment or services purchased with grant or sub grant funds are used for any purposes other than for what is allowed by the Federal WIOA;

- c. A relative by blood, adoption or marriage of any executive or employee receives favorable treatment for enrollment in services provided by or employment with, the contractor. “Relative by blood or marriage” includes: 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.
- d. Actions occurring during or outside work hours that reflects negatively on the program or its purposes. These may include, but 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.
- e. A participant displaces a currently employed worker (including partial displacement such as reduction in the hours of non-overtime work, wages or employment benefits). A client is employed or a job opening is filled when:

5. Misappropriation of funds

The intentional and illegal use of property or funds belonging to another person for one’s own use or other unauthorized purpose.

6. Misapplication of funds

Misapplication of funds is 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 WIOA Title 1-B funds for other than WIOA Title 1-B purposes.

7. Gross Mismanagement

Gross Mismanagement is an action or situation arising out of management ineptitude or lack of oversight, which leads to a major violation of contract provisions and/or which severely, hampers the 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: un-auditable records, unsupported costs, highly inaccurate fiscal and/or program reports, payroll discrepancies, payroll deductions not paid to the Internal Revenue Service or to the State of Arizona and the lack of internal control procedures.

- i. Any other individual is on a layoff from the same or any equivalent job;
or

- ii. 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 with WIOA I-B funds.

8. Other suspected criminal activity

NOTE: 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 a 1-800-347-3756.

Assurance Requirements

No action will be taken against any complainant for reasonably disclosing information concerning suspected or actual abuse of the WIOA 1-B program. Complainants may choose to remain anonymous and may send the report directly to The Yuma Private Industry Council or to DOL OIG or the Office of Financial and Administrative Management (OFAM).

LWDB must notify all employees and sub-recipients and corresponding staff of the hotline and provide instructions for the Incident Report. The LWDB directors must provide policy and procedures to staff, LWDB members, and contracted service providers regarding reporting requirements specific to fraud, abuse, and criminal acts involving WIOA 1-B funds. The LWDA policy on fraud and abuse with contact information to report instances of fraud and abuse must be prominently displayed in an area where public and staff can view it.

Submission Requirements

Contact information for the DOL OIG, Arizona State Attorney General's Office, and the DES WA, Office of Finance and Budgets is as follows:

A. Contact Information:

U.S. DOL/Office of Inspector General (OIG)

Attention: Office of Investigations

Room S5506

200 Constitution Avenue NW

Washington D.C. 20210

Hotline number 1-800-347-3756

Email notification can be made to OIG at www.oig.dol.gov/contact.htm.

Arizona Attorney General

1275 W. Washington Street

Phoenix, Arizona 85007

Phone number (602) 542-5025

Email: ag.inquiries@azag.gov

Department of Economic Security, Employment Administration, Office of Finance and Budget

Attention: Financial Manager
1789 West Jefferson Street, Site Code 920Z
Phoenix, Arizona 85007
Phone number (602) 542-2957

- B. Questions about or complaints alleging a violation of the nondiscrimination provisions of WIOA Section 188 may be reported to either the Local Equal Opportunity (EO) Officer, the State EO Officer or the Civil Rights Center (CRC)/Director.

Local WIOA Equal Opportunity (EO) Officer

3834 West 16th Street
Yuma, AZ 85364
Phone number (928) 329-0990 ext. 1711
Fax number (928) 782-9905
E-mail: amcbride@ypic.com

State WIOA Equal Opportunity (EO) Officer

Workforce Administration
P.O. Box 6123
Mail Drop 5771
Phoenix, AZ 85005-6123

Civil Rights Center (CRC)/Director

ATTENTION: Office of External Enforcement
U.S. Department of Labor
200 Constitution Avenue, NW
Room N-4123
Washington D.C. 20210
Fax Number (202) 693-6505, ATTENTION: Office of External Enforcement (limit of 15 pages)
Email notification can be made to CRCEXternalComplaints@dol.gov

- C. The US DOLs Civil Rights Center's Compliant Information Form available online at the following link: US DOL's Civil Rights Center Complain Information Form