

ATLANTA REGIONAL WORKFORCE BOARD INSTRUCTION 12-08

DATE: July 20, 2012

SUBJECT: Employment and Training Administration (ETA) Grant Recipient Responsibilities for Reporting Instances of Suspected Fraud, Program Abuse and Criminal Conduct.

PURPOSE: Transmit procedures to be used by all ETA grant recipients for reporting allegations of fraud, program abuse or criminal conduct involving grantees or other entities and subrecipients receiving Federal funds either directly or indirectly from ETA.

REFERENCES: Training and Employment Guidance Letter (TEGL) No. 2-12

BACKGROUND: The detection and prevention of fraud and abuse in programs authorized by the Department of Labor (Department) are of highest priority. Therefore, systematic procedures for reporting instances of suspected or actual fraud, abuse or criminal conduct are vital. States, local governments and grantees may become aware of actual, potential or suspected fraud; gross mismanagement or misuse of program funds; conduct violations; violations of regulations; and, abuse in ETA programs and operations provided by ETA grantees.

POLICIES: TEGL 2-12 provides the Department's policies and procedures for reporting and investigating allegations of wrongdoing or misconduct to include allegations of suspected fraud, program abuse, and criminal conduct involving grantees and other recipients or subrecipients of Federal funds from ETA.

ACTION REQUIRED:

1. All staff read and initial SDA Instruction
2. All staff follow the Department's policy and procedures for reporting and investigating allegations or misconduct as specified in TEGL 2-12.

EFFECTIVE DATE: July 20, 2012



Mary Margaret Garrett
Chief, Workforce Development

MMG:at

Attachment: TEGL 2-12 July 17, 2012

cc: All WFD staff
All Career Resource Centers, Youth Providers



EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION Complaints
	CORRESPONDENCE SYMBOL TMG
	DATE July 12, 2012

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 2-12

TO: ETA GRANT RECIPIENTS

FROM: JANE OATES
Assistant Secretary *Jane Oates*

SUBJECT: Employment and Training Administration (ETA) Grant Recipient Responsibilities for Reporting Instances of Suspected Fraud, Program Abuse and Criminal Conduct

1. **Purpose.** To transmit procedures to be used by all ETA grant recipients for reporting allegations of fraud, program abuse or criminal conduct involving grantees or other entities and subrecipients receiving Federal funds either directly or indirectly from ETA.
2. **References.**
 - Workforce Investment Act of 1998, as amended (Pub. L. 105-220);
 - 20 CFR 667.500, "What procedures apply to the resolution of findings arising from audits, investigations, monitoring and oversight reviews";
 - 20 CFR 667.630, "How are complaints and reports of criminal fraud and abuse addressed under WIA";
 - 29 CFR Part 0, "Ethics and Conduct of Department of Labor Employees"; and
 - Employment and Training Order No. 1-10, *Employment and Training Procedures for Reporting and Acting on Instances of Suspected Fraud, Program Abuse, and Criminal Conduct Involving Grantees and Contractors.*
3. **Background.** The detection and prevention of fraud and abuse in programs authorized by the Department of Labor (Department) are of the highest priority. Therefore, systematic procedures for reporting instances of suspected or actual fraud, abuse or criminal conduct are vital. States, local governments and grantees may become aware of actual, potential or suspected fraud; gross mismanagement or misuse of program funds; conduct violations; violations of regulations; and, abuse in ETA programs and operations provided by ETA grantees. This Training and Employment Guidance Letter (TEGL) will provide the Department's policy and procedures for reporting and investigating allegations of wrongdoing or misconduct to include allegations of suspected fraud, program abuse, and criminal conduct involving grantees and other recipients or subrecipients of Federal funds from ETA.

RESCISSIONS TEGL 6-84	EXPIRATION DATE Continuing
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The Incident Report (IR) form, Office of Inspector General (OIG) 1-156, is the official form used within the Department for reporting allegations of criminal and other illegal or improper activities in ETA funded programs. Allegations are reported to the OIG and, within ETA, to the Office of Financial and Administrative Management (OFAM) and the Office of Regional Management. Incidents reported using the IR form may involve allegations of fraud, misfeasance, nonfeasance or malfeasance; allegations involving misapplication of funds; allegations of gross mismanagement; allegations of employee/participant misconduct; and, other potential or suspected criminal actions.

When the OIG receives an IR, they determine whether the allegations have merit and, when appropriate, conduct or arrange for an investigation and/or audit. If the OIG determines that the case does not have investigative or audit merit, the case is referred back to ETA for resolution.

4. **Scope and Application.** This TEGL sets forth the procedures that ETA Grant Recipients must follow for notifying the appropriate Administrators of known or suspected cases of criminal and other illegal or improper activities involving grantees and other recipients or subrecipients of Federal funds from ETA.

In addition to the ETA process set forth in this TEGL, the OIG operates a Hotline to receive and process allegations of fraud, waste and abuse concerning Department grants programs and operations. Allegations received directly through the Hotline, and written complaints from the public pertaining to ETA, are referred by the OIG to OFAM, when appropriate.

5. **Responsibilities.** Grant recipients are responsible for following the procedures set forth in this TEGL. Grant recipients must immediately document allegations, suspicions and complaints involving possible fraud, program abuse and criminal misconduct using the IR form. In addition, situations involving imminent health or safety concerns, or the imminent loss of funds exceeding an amount larger than \$50,000 (c.g. \$500,000), are considered emergencies and must immediately be reported to the OIG and OFAM by telephone and followed up with a written report in the form of an IR, no later than one working day after the telephone report.
6. **Hotline Referrals.** OFAM must screen and record all Hotline referrals from the OIG pertaining to ETA and send the referrals to the appropriate Regional Administrator, Office of Apprenticeship Regional Director or National Office Administrator (RA/RD/NOA) for action. The RA/RD/NOA must send OFAM an initial response to all hotline referrals no later than two weeks after receiving the referral, and must continue to provide updates in the quarterly tracking report until the complaint is closed and a final response sent to OFAM. No action of any kind will be taken against the complainant for providing information in accordance with these procedures.
7. **Prohibition and Reprisals.** No action will be taken against any complainant for disclosing information concerning criminal or improper activities or making a valid complaint to proper authorities. Complainants may remain anonymous. If a complainant considers that his/her position will be compromised by reporting information through the IR system, he/she may send the report directly to the OIG or OFAM.

8. **Action Requested.** Grant recipients must be familiar with the content of this TEGL and follow the procedures set forth herein for documenting, immediately reporting to the OIG, and following-up on instances of alleged, suspected or known fraud, program abuse and criminal misconduct involving grantees and other recipients or subrecipients of Federal funds from ETA.
9. **Inquiries.** Questions concerning this TEGL may be directed to the Associate Deputy Administrator for Office of Grants Management, Laura P. Watson, at (202) 693-3333.
10. **Attachments.**
 - Attachment A - Definitions
 - Attachment B - Glossary of Acronyms
 - Attachment C - Incident Report Form OIG 1-156 and instructions
 - Attachment D - OIG Contact Information

DEFINITIONS

The definitions of employee/participant misconduct; fraud, misfeasance or malfeasance; gross mismanagement; and misapplication of funds included below were developed to provide guidance for the purpose of this TEG. These definitions are illustrative and are not intended to be either fully inclusive or restrictive.

Emergency. A situation involving imminent health or safety concerns, or the imminent loss of funds exceeding an amount much larger than \$50,000 (e.g., \$500,000).

Employee/Participant Misconduct. Actions occurring during or outside work hours that reflect negatively on the Department 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; 5 CFR Parts 2635 and 5201) 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 participant 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, 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 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, unauditible records, unsupported costs, highly inaccurate fiscal reports or program reports, payroll discrepancies, payroll deductions not paid to the Internal Revenue Service, and lack of good internal control procedures.

Incident Report (IR) (OIG 1-156). This is the primary form for reporting instances of fraud, misapplication of funds, gross mismanagement, and any other incidents of known or suspected criminal or other serious activities. The OIG 1-156 may also be used to provide interim and final reports.

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, 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. Indian and Native American programs are excluded from the nepotism category, as cited in Section 632.118 of 20 CFR Part 632, Subpart F of the WIA regulations.

OIG Hotline. The OIG operates this Hotline to receive and process allegations of fraud, waste, and abuse concerning Department grants, contracts, programs and operations. The OIG also uses the Hotline to address allegations of criminal activity and serious misconduct involving Department employees. Hotline complaints can be sent directly to the Complaints Analysis Office, Office of Inspector General, 200 Constitution Avenue, N.W., Room S-5506, Washington, D.C. 20210. They can be telephoned to the OIG on the Toll Free Hotline at 1-800-347-3756 or (202) 693-6999 (this is not a toll free number); or they can be emailed to hotline@oig.dol.gov. The OIG Hotline should not be used for resolving employee grievances, Equal Employment Opportunity complaints, labor disputes, or other personnel concerns.

OIG Hotline Referrals. The OIG prepares referrals of hotline allegations concerning problems in ETA programs and transmits the referrals to OFAM. ETA uses the process outlined in this ETO to follow-up on incidents included in these referrals.

Open IR. An IR is considered open until the originating or responsible ETA office determines that it has been resolved and reports it as closed on the quarterly OFAM tracking report.

GLOSSARY OF ACRONYMS

DOL	Department of Labor
ETA	Employment and Training Administration
IR	Incident Report
NOA	National Office Administrator
OA	Office of Apprenticeship
OFAM	Office of Financial and Administrative Management
OIG	Office of Inspector General
ORM	Office of Regional Management
RA	Regional Administrator
RD	Office of Apprenticeship Regional Director
SAC	Special Agent-In-Charge

**U. S. DEPARTMENT OF LABOR
MANUAL SERIES**

Attachment C

DLMS – 8

AUDITS AND INVESTIGATIONS



**Chapter 700 - Allegations of Wrongdoing or Misconduct, Incident Reporting, and
Whistleblower Protection**

ETA INSTRUCTIONS FOR OIG 1-156 INCIDENT REPORT (IR)

1. Using the Incident Report Form: The OIG 1-156 Incident Report Form should be used for filing:

(a) Initial Incident Report: Form OIG 1-156 is designed primarily as an initial report to inform the Employment and Training Administration's (ETA) Office of Financial and Administrative Management (OFAM) and the Office of the Inspector General (OIG) that a violation or apparent violation has occurred. It should also be used to inform OFAM and OIG of cases involving ETA employees, programs, and operations being investigated by or reported to other investigative agencies.

(b) Supplemental Incident Report: Once the initial Form OIG 1-156 has been filed Form OIG 1-156 should be used:

- (1) To provide supplemental information not available at the time of the original report.
- (2) If the matter cannot be resolved at the agency level and the case goes to litigation or arbitration at another level, supplemental reports will be submitted without awaiting results of adjudication or arbitration.

(c) Final Incident Report: Form OIG 1-156 should be used when:

- (1) An incident is resolved, or otherwise settled.
- (2) Adjudication and arbitration results are known and all requirements of such adjudication or arbitration have been completed.

2. Completing the Incident Report Form:

The agency designation code requested in block 2 is assigned by the office preparing the form and should include the fiscal year in which the report is being submitted, the agency acronym, and a number to indicate the chronological sequence of the report (for example, 09-CHI-ETA-01 would show that the report was submitted in Fiscal Year (FY) 2009, by Chicago, ETA, and was the first report they submitted in FY 2009, and 09-OWI-ETA-02 would show that the report was submitted in FY 2009 by the Office of Workforce Investment (OWI), ETA/NO, and was the second report OWI submitted in FY 2009).

Block 16 should be signed on all copies by the responsible official for the office unless the employee believes he/she should send the form directly to the OIG and OFAM.

Entries requiring additional space may be continued at the end of the synopsis entry in Block 14 or on a separate sheet(s) of bond paper. Head each additional sheet "Continuation" and give the Agency Identification Code from Block 2.

3. Transmitting the Completed Incident Report Form:

For IRs originating in a region or concerning a regional office (RO) program, the Regional Administrator/Regional Apprenticeship Director (RA/RD) should send the original signed OIG 1-156 via a transmittal memorandum to the Special Agent-In Charge (SAC) of the OIG's Regional Office of Labor Racketeering and Fraud Investigations within two days of discovery or receipt of the incident report and simultaneously forward copies to OFAM and the Office of Regional Management (ORM) or the Office of Apprenticeship (OA).

For IRs originating in the national office (NO) or concerning an NO program, the originating office should send the original signed OIG 1-156 to OFAM within two days of discovery or receipt of the incident report and simultaneously forward copies to ORM or OA. OFAM will send the original IR to the OIG within two working days of receipt.

See Attachment E for SAC and other OIG addresses.

Mail ETA NO copies to:

Office of Financial and Administrative Management
200 Constitution Avenue, N.W., Room N-4653
Washington, D.C. 20210
ATTENTION: OGM

Office of Regional Management
200 Constitution Avenue, N.W., Room C-4517
Washington, D.C. 20210

or

Office of Apprenticeship
200 Constitution Avenue, N.W., Room N-5311
Washington, D.C. 20210

Note: If the report concerns Department of Labor staff, the copies for the ETA NO should be sent in a sealed envelope addressed to the Administrator of OFAM with a notation on the envelope "TO BE OPENED BY ADDRESSEE ONLY."

Incident Report

U.S. Department of Labor

Office of Inspector General



For Official Use Only (When filled in)

1. Date of report

2. Agency designation code (Yr.) (Agency) (Report No.)

3. File Number (For IG use)

4. Type of report

Initial
 Supplemental
 Final
 Other (Specify) _____

5. Type of incident

Conduct violation
 Criminal violation
 Program violation

6. Allegation against

DOL Employee
 Contractor
 Grantee
 Other (Specify) _____

Given name and position of employee(s), contractor(s), grantee, etc. List telephone number, OWCP or other Claim File Number, if applicable, and other identifying data:

7. Location of incident (Give complete name(s) and addresses of organization(s) involved)

8. Date and time of incident/discovery

9. Source of complaint

Public
 Contractor
 Grantee
 Program Participant
 Audit

Investigative Law Enforcement Agency (Specify) _____

Other (Specify)

Give name and telephone number so additional information can be obtained.

10. Contacts with law enforcement agencies (Specify name(s) and agency contacted and results)

11. Expected concern to DOL

Local
 Regional
 National
 Media interest
 Executive interest
 GAO/Congressional interest

Other (Specify) _____

12. DOL Agency involved

SECY
 ESA
 ETA
 ILAB
 LMSA
 MSHA
 OASAM
 OIG
 OSHA
 SOL
 ASP
 BLS
 NCEP
 WB
 OIPA
 Other (Specify) _____

Amount of grant or contract (If known)

\$

Amount of subgrant of subcontract (If known)

\$

13. Persons who can provide additional information (Include custodian of records)

Name	Grade	Position or job title	Employment ¹
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Local Address (Street, City, & State) or organization, if employed and telephone number

Enter one of these codes:

U - Unemployed

G-Grantee

C-Contractor

D - DOL

F-Other Federal Employee

P - Program Participant or
claimant

(Complete page 2 of this form)

DL 1-156
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For Official Use Only (When filled in)

14. Details of Incident (Describe the Incident)

If more room is needed attach additional sheets.

15. Typed name and title of DOL employee

16. Signature of DOL employee

17. Copies furnished to:

18. Attachments: (List)

CONTACT INFORMATION FOR THE OFFICE OF INSPECTOR GENERAL (OIG)

Main Address and Phone Number

Office of Inspector General
200 Constitution Avenue, NW
Room S-5502
Washington, DC 20210
Telephone: (202) 693-5100

OIG Complaints Analysis Office (Hotline)

200 Constitution Avenue, NW
Room S-5506
Washington, DC 20210
Telephone: (202) 693-6999 or 1-800-347-3756

Office of Audit

Assistant Inspector General
200 Constitution Avenue, NW
Room S-5512
Washington, D.C. 20210
Telephone: (202) 693-5170

Office of Labor Racketeering and Fraud Investigations

Assistant Inspector General
200 Constitution Avenue, NW
Room S-5014
Washington, DC 20210
Telephone: (202) 693-7034

New York Regional Office

Special Agent-in-Charge
201 Varick St.
Room 891
New York, NY 10014-4811
Telephone: (646) 264-3550

Chicago Regional Office

Special Agent-in-Charge
230 South Dearborn St.
Room 756
Chicago, IL 60604
Telephone: (312) 353-3342

Philadelphia Regional Office

Special Agent-in-Charge
150 South Independence Mall West
Suite 1072
Philadelphia, PA 19106
Telephone: (215) 446-3755

Dallas Regional Office

Special Agent-in-Charge
Federal Office Building
525 Griffin St., Room 414
Dallas, TX 75202-9927
Telephone: (972) 850-4050

Washington, DC Regional Office

Special Agent-in-Charge
800 North Capital St.
Room 460
Washington, DC 20211
Telephone: (202) 515-2600

Los Angeles Regional Office

Special Agent-in-Charge
100 North Barranca Street
Suite 520
West Covina, CA 91791
Telephone: (626) 858-1728

Atlanta Regional Office

Special Agent-in-Charge
61 Forsyth St., SW
Room 6T1
Atlanta, GA 30303
Telephone: (404) 562-2367

Office of Legal Services

Counsel to the Inspector General
200 Constitution Avenue, NW
Room S-5506
Washington, DC 20210
Telephone: (202) 693-5116

Office of Inspections and Special Investigations

Assistant Inspector General
200 Constitution Avenue, NW
Room S-5021
Washington, DC 20210
Telephone: (202) 693-5124