

# SACRAMENTO EMPLOYMENT AND TRAINING AGENCY

## INCIDENT REPORTING POLICY & PROCEDURE

### PURPOSE:

This policy outlines the procedure for reporting incidents, including but not limited to criminal fraud, criminal abuse or other criminal activity and noncriminal complaints, such as gross waste of funds in any program funded by the Sacramento Employment and Training Agency (SETA). This policy applies to SETA and any of its **lower-tier subrecipients** of funds. Nothing in this procedure should preclude or discourage the reporting of criminal incidents to local authorities as well.

### BACKGROUND:

Federal Regulations implementing the Workforce Innovation and Opportunity Act (WIOA) require that information and complaints involving criminal fraud, waste, abuse or other criminal activity must be reported immediately through the Department of Labor's (DOL) Incident Reporting System to the Federal Office of Inspector General (OIG) with a copy simultaneously provided to the Employment Training Administration. In turn, State of California, Employment Development Department (EDD) Directive WSD12-18 requires that all such incident reporting be made concurrently to the EDD Compliance Review Division. This policy will implement the reporting requirements of DOL and EDD. SETA receives funding not only pursuant to the WIOA, but also pursuant to other federal, state and private programs. Accordingly, this policy implements similar reporting requirements for all SETA-funded programs and activities.

### DEFINITIONS:

The definitions that follow are provided as a guide in the identification of **fraud**, abuse, and other criminal activity. The words and phrases defined here are patterned after federal definitions applicable to WIOA programs, but apply to all SETA-funded programs. Defined words appear in **bold** typeface throughout this policy. Since the definitions cannot address every possible activity, questions as to whether an activity is reportable under this policy should be referred to SETA's Human Resources Department Chief, or his/her designee, for clarification and guidance.

**Avoidance of Conflict of Economic Interest** - An executive or employee of a federally-funded **contract** or an elected official of SETA will not solicit or accept money or any other consideration from a third person for the performance of an act reimbursed in whole or in part by SETA or EDD. Supplies, materials, equipment or services purchased with **contract** funds will be used solely for purposes allowed by the applicable federal and state law and federal, state and SETA policies applicable under the corresponding source of funds.

**Conduct Business Involving Close Personal Friends and Associates** - No close personal friend or associate of any executive or employee will receive favorable treatment for enrollment in

services provided by, or employment with, SETA or any **lower-tier subrecipient**.

**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, any **subrecipient** or **lower-tier subrecipient**. For the purpose of this policy, “relative by blood or marriage” shall include: wife, husband, daughter, son, mother, father, grandmother, grandfather, sister, sister-in-law, brother, brother-in-law, daughter-in-law, son-in-law, mother-in-law, father-in-law, aunt, uncle, niece, nephew, stepparent and stepchild.

**Contract** includes any agreement, subgrant, contract or similar authorization to provide goods or services under any SETA-funded program, whether funded by federal or state grant, contract, agreement, or otherwise.

**Contractor** includes any person or entity that receives funding from SETA as a **lower-tier subrecipient**.

**Employee/Participant Misconduct** is defined as actions occurring during or outside of work hours that reflect negatively on SETA, a **lower-tier subrecipient**, or any of their programs or purposes, and may include, but is not limited to: conflict of interest involving outside employment; business and professional activities; the receipt of gifts, fees, entertainment, and favors; misuse of federal, state or SETA property; misuse of official information; and other activities that might adversely affect the confidence of the public regarding the integrity of government.

**Employment of Former State Employees** - an assurance that any former employee employed by the State of California in a position that could have enabled such individuals to impact policy regarding or implementation of any program funded by a SETA **contract** will not be assigned to any part or phase of the activities conducted pursuant to the **contract** for a period of not less than two (2) years following the termination of such employment.

**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, including, but not limited to, employment-related matters such as payroll records, timesheets and program participant information (e.g., knowingly enrolling ineligible participants). Criminal **fraud** is a type of larceny and is punishable under both federal and state law as a felony. Civil **fraud** is subject to **tort** actions under civil laws.

**General Assurances** - Every reasonable course of action will be taken in order to maintain the integrity of an expenditure of public funds and to avoid any favoritism, questionable or improper conduct. Federal funds are administered in an impartial manner, free from personal, financial or political gains. Executive staff and employees, in administering SETA funds, will avoid situations which give rise to a suggestion that any decision was influenced by prejudice, bias, special interest or personal gain.

**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 that 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 of the State of California, and the lack of internal control procedures.

**Lower-Tier Subrecipient** is defined as a recipient of federal or state funds from SETA that does not receive its funds directly from the state or federal government, including, but not limited to, contracted service providers and subgrantees of SETA.

**Maintenance of Effort** is defined as:

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

**Misapplication of funds** is defined as any use of funds, assets, or property not authorized or provided for in an applicable **contract**. This category includes, but is not limited to, nepotism, political patronage, use of participants for political activity, intentional services to ineligible program participants, conflict of interest, failure to report income derived from SETA funds, violation of **contract** provisions, maintenance of effort violations, and the use of the SETA funds for purposes other than those permitted by the applicable funding source.

**Standard of Conduct Violations** are defined as violations of the terms and conditions stipulated in an applicable federal, state or SETA **contract**. The relevant stipulations in the **contract** may include, but will not necessarily be limited to, any failure to meet the following standards defined herein: **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.**

**Subrecipient** is defined as SETA, as the local recipient of WIOA and other federal, state and private funds.

**Tort** is defined as 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.

## **POLICY**

All SETA staff and all **lower-tier subrecipients** of SETA funds shall: maintain a system of internal controls to ensure that resources are used consistent with laws, regulations and policies, and are safe-guarded against waste, loss and **gross mismanagement** of funds; alert SETA to the potential of **fraud**, abuse, criminal acts and/or **torts** in any SETA-funded program through conflict of interest, falsification of records or reports and **misapplication of funds** or other assets; avoid improper **employment of former state employees, employee/participant misconduct** and **standard of conduct violations**; and be aware of obligations to report activities contrary to these policies to SETA's Administration Department Chief.

## **PROCEDURE**

- SETA staff and **lower-tier subrecipients** shall follow the following procedures to report all instances (or suspected instances) of violation of this policy:
  1. Report any purported violation of this policy to SETA's Human Resources Department Chief within one (1) work day (generally, twenty-four (24) hours) of discovery of the act or upon reasonable belief of such acts arising by completing an Incident Report, in the form attached hereto, and delivering the completed Incident Report personally, electronically or by facsimile to:

Human Resources Department Chief  
Sacramento Employment & Training Agency  
925 Del Paso Boulevard, Suite 100  
Sacramento, CA 95815  
(916) 263-3658  
Facsimile: (916) 263-3566
  2. Report any allegations of an emergency nature immediately to SETA, followed by submission of an Incident Report as provided in Paragraph 1, above.
  3. Report and/or notify local law enforcement agencies immediately regarding all instances of criminal activity, followed by submission of an Incident Report as provided in Paragraph 1, above.
  4. In the case of alleged violations of this policy that involve programs, activities or

services funded pursuant to the WIOA, SETA staff and any reporting **lower-tier subrecipient** shall also submit a copy of the Incident Report to:

Compliance Review Division, MIC22M  
Attention: Compliance Resolution Unit  
Employment Development Department  
P.O. Box 826880  
Sacramento, CA 94280

and to the Office of the Inspector General (OIG) at [www.oig.dol.gov/hotnet1.htm](http://www.oig.dol.gov/hotnet1.htm), by telephone at (800) 347-3756, by facsimile to (202) 693-7020, 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 should be reported by telephone to the Compliance Resolution Unit Supervisor at (916) 653-0298 and by calling the OIG/DOL Hot Line at (800) 347-3756, followed immediately thereafter by a written Incident Report.

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 the Compliance Review Division when the Incident Report is submitted.

During an investigation, based upon a report of fraud or abuse, the DOL/OIG investigator or auditors may contact SETA or a **lower-tier subrecipient** regarding an incident of which SETA or the **lower-tier subrecipient** was not previously aware. Upon learning of such an incident from federal sources, the notified entity should contact CRD to determine whether the latter is aware of the incident. If the notified entity is not aware of the allegations, but CRD is, then the latter will, where appropriate, inform the former of the specific allegations contained in the Incident Report.

- SETA's Human Resources Department Chief, or his designee, shall conduct such investigation as is deemed prudent to ensure that all Incident Reports are clear and concise and that all possible information has been gathered, including the amount of any monetary loss and all facts and/ or circumstances known at the time of the Incident Report.
- If any investigation confirms that a violation of this policy has occurred and that an employee of SETA or a **lower-tier subrecipient** is involved in such a violation, appropriate disciplinary or corrective action shall be instituted.

## **ACTION**

SETA's Administration Department Chief should insure that all affected SETA staff and **lower-tier subrecipients** are made aware of this policy.

## **INQUIRIES**

If you have questions about the information contained in this Policy, you should contact SETA's Human Resources Department Chief, at (916) 263-3658.

## INCIDENT REPORT

<p>1. Type of report (check one)</p> <p><input type="checkbox"/> Initial</p> <p><input type="checkbox"/> Supplemental</p> <p><input type="checkbox"/> Final</p> <p><input type="checkbox"/> Other <i>[specify]</i></p>	<p>2. Type of incident (check one)</p> <p><input type="checkbox"/> Conduct violation</p> <p><input type="checkbox"/> Criminal violation</p> <p><input type="checkbox"/> Program violation</p>
<p>3. Allegation against (check one)</p> <p><input type="checkbox"/> Contractor</p> <p><input type="checkbox"/> Program Participant</p> <p><input type="checkbox"/> Other <i>[(specify), give name and position of employee(s), list telephone number, Social Security Account number, if applicable, and other identifying data.]</i></p>	
<p>4. Location of incident</p> <p><i>[give complete name(s) and addresses of organizations(s) involved]</i></p>	
<p>5. Date and time of incident/discovery <i>[date, time]</i></p>	
<p>6. Source of complaint (check one)</p> <p><input type="checkbox"/> Audit    <input type="checkbox"/> Contractor    <input type="checkbox"/> Program Participant    <input type="checkbox"/> Public</p> <p><input type="checkbox"/> Investigative Law Enforcement Agency <i>[(specify)]</i></p> <p><input type="checkbox"/> Other <i>[(specify), give name and telephone number so additional information can be obtained.]</i></p>	
<p>7. Contacts with law enforcement agencies</p> <p><i>[specify name(s) and agency contacted and results]</i></p>	
<p>8. Persons who can provide additional information</p> <p><i>[(include custodian of records) name, position or job title, employment, local address (street, city and state) or organization, if employed and telephone number]</i></p>	

9. Details of incident

*[describe the incident]*