

U.S. DEPARTMENT OF LABOR Employment and Training Administration Washington, D.C. 20213	CLASSIFICATION
	Fraud and Abuse
	CORRESPONDENCE SYMBOL
	TC
	DATE
	October 23, 1985

TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 1-85

FROM : ROBERTS T. JONES
 Acting Deputy Assistant
 Secretary of Labor

SUBJECT : State Employment Security Agencies' (SESAs)
 Responsibilities in Department of Labor (DOL)
 Incident Report Procedures

1. Purpose. To transmit procedures for reporting known or suspected incidents of fraud, abuse, or criminal conduct.

2. Background. Sections 9 and 10 of the Wagner-Peyser Act, as amended by the Job Training Partnership Act, address certain Federal and State oversight responsibilities. In addition, 20 CFR 652.8(i) states in part that, "Any persons having knowledge of fraud, criminal activity or other abuse shall report such information directly and immediately to the Secretary. Similarly, all complaints involving such matters should also be reported to the Secretary directly and immediately."

3. Policy. The Employment and Training Administration's (ETA) policy recognizes the significant responsibilities of SESAs in conducting oversight of the Wagner-Peyser Act. In order to carry out responsibilities of 20 CFR 652.8(i), the ETA is issuing procedures to be used by SESAs for reporting to ETA Regional Administrators (RAs) known or suspected incidents of fraud, malfeasance, misapplication of funds, gross mismanagement, or other criminal activities in ETA-funded programs. The reports submitted by SESAs serve a dual purpose. They provide information on fraudulent activities which may be prosecutable, and they provide information on other types of incidents which allow ETA to identify trends and patterns occurring throughout its various programs. The procedures described in the following section are intended to supplement, but not supplant, other systems of oversight carried out by Federal, State, and local entities.

RESCISSIONS	EXPIRATION DATE
	July 31, 1986

DISTRIBUTION

4. Notification to the Regional Office of Alleged Problems.

In order to facilitate the reporting process, DOL has developed procedures and standardized forms for reporting incidents. Any act which raises questions concerning possible illegal expenditures or other unlawful activities should be reported immediately. It is not the intent of the Incident Report (IR) to elicit reports only after determination that an act or allegation is legally prosecutable. All such incidents shall be reported to ETA immediately even though the case may be subsequently handled by another Federal agency, or State or local law enforcement agencies.

DOL Incident Report Form DL 1-156 should be used to notify the RAs of all known or suspected cases of fraud, abuse, or other criminal activities in ETA-funded programs (See Attachment I, Facsimile of Form DL 1-156; Attachment II, Use and Preparation of Form DL 1-156; and Attachment III, Definition of Terms). The original and one copy of this form should be forwarded to the appropriate RA within one work day of the discovery of the occurrence. The RA will immediately distribute the IR in accordance with established DOL procedures.

These responsibilities and procedures do not apply to incidents concerning the following:

a. Unemployment Insurance fraudulent activities - Separate reporting instructions have been issued in UIPL Nos. 16-85 and 17-85 and in the ET Handbooks Nos. 384, Change No. 5 and 391, Change No. 1.

b. State JTPA activities - Separate instructions have been issued in Training and Employment Guidance Letter No. 6-84.

c. Labor Certification Applications - These incidents are to be reported pursuant to 20 CFR 656.31.

5. Office of the Inspector General/DOL Hotline. It is anticipated that the incident reporting procedures outlined above will be utilized to report matters to the RA. However, all SESAs are requested to notify their employees of the availability of the OIG/DOL Hotline for providing information confidentially.

The Hotline--800-424-5409 (357-0227 FTS and Washington, D.C., local area)--was established for employees and the public to notify the OIG of suspected fraud, abuse, or waste in DOL-funded programs. The Hotline permits reporting of matters anonymously, if desired, to avoid fears of reprisal. Information supplied via the Hotline should be as specific as possible to enable the OIG to identify and solve the problem. The Hotline should not be used for resolving employee grievances, EEO complaints, labor disputes, or other personnel concerns.

6. Necessary Action.

a. Establish procedures for use by SESA personnel to ensure that their responsibilities are fulfilled to forward IRs to the appropriate RA within one work day of the discovery of the occurrence.

b. Ensure that SESA staff, subrecipients, contractors, etc. are familiar with the procedures that are established and the content of the attachments to this document.

7. Inquiries. Questions concerning this notice should be directed to Anna C. Hall, Chief, Division of Special Review and Internal Control, Office of Program and Fiscal Integrity, on 202-376-6295.

Attachments

- I. Facsimile of Form DL 1-156
- II. Use and Preparation of Form DL 1-156
- III. Definition of Terms

ATTACHMENT I

DOL FORM DL 1-156, INCIDENT REPORT



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 [] Program participant or claimant [] Other (Specify)

Give 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

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) Local Address (Street, City, & State) or organization, if employed and telephone number

Name Grade Position or job title Employment'

Enter one of these codes: U - Unemployed G - Grantee C - Contractor D - DOL F - Other Federal Employee P - Program Participant or claimant

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)

ATTACHMENT II

USE AND PREPARATION OF FORM DL 1-156

Use and Preparation of Form DL 1-156, Incident Report

A. Purpose.

Form DL 1-156 should be used for reporting to Regional Administrators (RAs) incidents of program abuse, fraud, or other criminal violations involving ETA-funded programs and operations.

B. Responsibilities of State Employment Security Agencies (SESAs) and Subrecipients.

SESAs and subrecipients are responsible for reporting all actual or suspected violations to the RAs using the Incident Report Form DL 1-156. While such information may be phoned directly to the RAs, telephone reports should be supplemented by submission of the Incident Report form within 72 hours.

C. Use of Incident Report Form, DL 1-156.

1. As an Initial Report. The DL 1-156 is designed primarily as an initial report of actual or suspected violations to inform the RAs that a violation or apparent violation has occurred. It should also be used to initially inform the RAs of cases involving employees, programs, and operations being investigated by, or reported to, other investigative agencies.
2. As a Supplemental Report. The DL 1-156 should also be used to submit supplemental information not available at the time the original report was submitted. Form DL 1-156 should be used as indicated below.
 - (a) It is determined that the matter cannot be resolved at the agency level and the case is administratively closed.
 - (b) Supplemental reports should be submitted without awaiting the results of adjudication.
3. As a Final Report. Form DL 1-156 should be used as indicated below.
 - (a) An incident is resolved or otherwise settled.
 - (b) Final adjudication or imposition of administrative/disciplinary action against the person or organization involved is initiated. When adjudication results become known, the final report should be sent to the RAs indicating the results.

D. Completion of the Incident Report Form, DL 1-156.

Item 1: Enter the date the form is actually prepared.

Item 2: Leave blank. For use by RAs only.

Item 3: Leave blank. For use by OIG only.

Item 4: Indicate the type of report being submitted by checking the appropriate block. If the report is both an "Initial" and a "Final" report, place a check in both blocks.

Item 5: Check appropriate block.

Item 6: Check appropriate block.

Item 7: Enter the name of the person, recipient, or sub-recipient, if applicable, and the location where the incident occurred. A general geographic location (city, town) or mail address should be used.

Item 8: Complete as necessary.

Item 9: Check appropriate block(s). Public includes the press.

Item 10: Any information requested by any law enforcement agency should be reported here. Identify the officer and/or agency who made the request. In Item 14 describe what information was requested from, and offered to, the outside agency.

Item 11: Indicate the type of interest/publicity that the incident may generate, or actually has generated, by checking the appropriate block(s). If necessary, a brief statement of explanation may be included in Item 14.

Item 12: Check appropriate block.

Item 13: Complete as necessary.

Item 14: Provide a clear, concise description of the incident. Describe in as much detail as is available and necessary to give a complete picture of what happened. Report the manner/method in which an incident actually or probably was committed and discovered. "How" an incident was discovered or committed should be reported in sufficient detail to assist proper authorities in the development of preventive measures. Estimate any possible monetary loss. Indicate whether ETA assistance is needed.

Item 15: Provide the name, title, address, and telephone number of the official completing the report.

Item 16: All copies should be signed by the official named in Item 15.

Item 17: Self explanatory.

Item 18: Self explanatory.

All items requiring additional space may be continued at the end of the description of the incident in Item 14 or on a separate sheet(s) of bond paper. Each continuation sheet should be headed "Continuation".

E. Supporting Documentation.

All documentation (e.g., photographs, drawings, etc.) pertinent or relevant to the incident or necessary to clarify the attendant allegations should be forwarded along with the Incident Report, if not previously provided.

F. Transmission of Incident Reports.

Mail Incident Reports to the appropriate RA as shown on the following page.

NOTE: Incident Reports sent to the RA should be in a sealed envelope within the mailing envelope. In no event should reports be electronically transmitted.

U.S. Department of Labor
Regional Administrators for the
Employment and Training Administration

REGION I - Boston

Robert J. Semler
Acting Regional Administrator
U.S. Department of Labor/ETA
Room 1703, J.F. Kennedy Fed. Bldg.
Boston, Massachusetts 02203

8-223-6440/617-223-6440*

REGION II - New York

Thomas E. Hill
Acting Regional Administrator
U.S. Department of Labor/ETA
1515 Broadway, Room 3713
New York, New York 10036

8-265-3210/212-944-3210*

REGION III - Philadelphia

William J. Haltigan
Regional Administrator
U.S. Department of Labor/ETA
P.O. Box 8796**
Philadelphia, Pennsylvania 19101

8-596-6336/215-596-6336*

REGION IV - Atlanta

Lawrence E. Weatherford, Jr.
Regional Administrator
U.S. Department of Labor/ETA
1371 Peachtree Street, N.E., Rm. 405
Atlanta, Georgia 30309

8-257-4411/404-881-4411*

REGION V - Chicago

Steven M. Singer
Regional Administrator
U.S. Department of Labor/ETA
230 S. Dearborn Street, Rm. 628
Chicago, Illinois 60604

8-353-0313/312-353-0313*

REGION VI - Dallas

Floyd E. Edwards
Regional Administrator
U.S. Department of Labor/ETA
Federal Building - Room 317
525 Griffin Street
Dallas, Texas 75202

8-729-6877/214-767-6877*

REGION VII - Kansas City

Richard G. Miskimins
Regional Administrator
U.S. Department of Labor/ETA
Federal Bldg., Room 800
911 Walnut Street
Kansas City, Missouri 64106

8-758-3796/816-374-3796*

REGION VIII - Denver

Luis Sepulveda
Regional Administrator
U.S. Department of Labor/ETA
1961 Stout Street, R. 1676
Denver, Colorado 80294

8-564-4477/303-844-4477*

REGION IX - San Francisco

Don A. Balcer
Regional Administrator
U.S. Department of Labor/ETA
450 Golden Gate Avenue
Box 36084 (Room 9108)
San Francisco, California 94102

8-556-7414/415-556-7414*

REGION X - Seattle

Harry B. Brown
Acting Regional Administrator
U.S. Department of Labor/ETA
Rm. 1145, Federal Office Bldg.
909 First Avenue
Seattle, Washington 98174

8-399-7700/206-442-7700*

*Commerical Dialing
**Street Address--3535 Market Street
Room 13300

DEFINITION OF TERMS

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For the purpose of completing the Incident Report, fraud, misfeasance, nonfeasance or malfeasance, misapplication of funds, gross mismanagement, and employee/participant misconduct are explained in the following paragraphs. These definitions are illustrative and are not intended to be either fully inclusive nor restrictive.*

a. Fraud, Misfeasance, Nonfeasance or Malfeasance.

Fraud, misfeasance, and nonfeasance or malfeasance should be considered broadly as any alleged deliberate action which is apparently 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, 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.

b. Misapplication of Funds.

Misapplication of funds should be considered as any alleged use of funds, assets, or property for purposes not authorized or provided for under the Job Training Partnership Act (JTPA) or regulations, grants, or contracts. This category includes, but is not limited to, nepotism, political patronage, use of participants for political activities, ineligible participants, conflict of interest, failure to report income derived from Federal funds, violation of contract/grant procedures, and the use of Federal funds for other than specified purposes.

Indian and Native American programs are excluded from the aforementioned category regarding nepotism as cited in 20 CFR 632.118 of the Implementing Regulations for Title IV-A, B, and E of JTPA.

An Incident Report should be filed when it appears that there exists an intent to misapply funds rather than merely a case of minor mismanagement.

* OIG will focus only on those incidents reported under Categories "a" and "b" above. ETA will use the information reported on the other types of incidents as a management tool in order to identify trends and patterns occurring in the area of fraud and abuse.

c. Gross Mismanagement.

Gross mismanagement should be considered as actions or situations arising out of management ineptitude or oversight, leading to major violations of JTPA processes, regulations, or contract/grant provisions which could severely hamper the accomplishment of program goals. These include situations which lead to waste of Government resources and could jeopardize 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 Internal Revenue Service, and the lack of good internal control procedures.

d. Employee/Participant Misconduct.

Employee/participant misconduct should be considered as actions occurring during or after normal work hours that reflect negatively on the Department of Labor, the grantee agency, or the JTPA program. This may include, but is 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, misuse of official information, and such other activities as might adversely affect the confidence of the public, as well as serious violations of Federal and State laws.