

# CITY OF LOS ANGELES

CALIFORNIA

JOHN L. REAMER, JR.  
INTERIM GENERAL MANAGER

ECONOMIC AND WORKFORCE  
DEVELOPMENT DEPARTMENT

1200 W. 7TH STREET  
LOS ANGELES, CA 90017



ERIC GARCETTI  
MAYOR

**DATE:** January 17, 2019

**TO:** LA's Workforce Development System

**FROM:** Gerardo Ruvalcaba, Director  
Workforce Development System 

**SUBJECT:** **WDS DIRECTIVE NO. 19-16**  
**INCIDENT REPORTING**  
*(Supersedes WDS Directive No. 15-12 – Issued February 27, 2015)*

## EFFECTIVE DATE

This directive is effective upon date of issue.

## PURPOSE

This directive provides procedures for reporting incidents, including but not limited to criminal fraud, abuse, or other criminal activity, and non-criminal complaints, involving Workforce Innovation Opportunity Act (WIOA) funds, to the Compliance Review Division (CRD) of the State of California Employment Development Department (EDD) and the Office of Inspector General of the United States Department of Labor (OIG/DOL). This directive supersedes WDS Directive 15-12 Incident Reporting, which was previously issued on February 27, 2015.

## UPDATE/REVISIONS

Revisions included in the Incident Reporting Directive include:

- Removal of references to Workforce Investment Act (WIA) which was replaced by the Workforce Innovation Opportunity Act (WIOA) effective July 1, 2015.
- Updates the name of the current General Manager of the Economic and Workforce Development Department (EWDD).
- Updates contact information for the Economic and Workforce Development Department (EWDD), Equal Employment Opportunity Section.
- Updates contact information for the Employment Development Department (EDD) Compliance Resolution Office (CRO).

## REQUIREMENTS

Pursuant to EDD Directive Number WSD12-18 dated June 12, 2013, regarding Incident Reporting (attached), please be advised that all recipients of WIOA funds have the responsibility to be alert for, and report any, suspected or proven fraud, abuse, or other criminal activity, or non-criminal activity, including gross waste of funds, mismanagement, and dangers to the public health or safety.

**Requirements discussed in EDD Directive WSD12-18 remain in effect and are to be used related to WIOA funds until revised.**

All Subrecipient Contractors, (i.e., Workforce Development System Contractors) have the responsibility to report to the OIG/DOL, the EDD, Compliance Resolution Unit, and their funding agency, e.g., City of Los Angeles Local Workforce Investment Area (LWIA)/City of Los Angeles Local Workforce Development Area (LWDA) to report all suspected and proven incidents of WIOA related fraud, abuse, or other criminal activity immediately or within one workday of detection or discovery of information alleging fraud, abuse or criminal activity involving WIA and WIOA funds.

Submit the report to:

**EWDD** Economic and Workforce Development Department  
Administrative Services Division  
1200 W. 7<sup>th</sup> Street, 6<sup>th</sup> Floor  
Los Angeles, CA 90017  
Attn: Richard Cheng, EO Compliance Officer  
Telephone: (213)744-9351

**CRU/EDD** Compliance Resolution Unit  
Program Review Branch  
Employment Development Department  
722 Capitol Mall, MIC-22  
P.O. Box 826880  
Sacramento, CA 94280-001  
ATTENTION: Jessica Encarnacion, Chief  
Compliance Review Office

**OIG/DOL** (choose one of the following)  
Web site: [www.OIG.dol.gov/hotlinecontact.htm](http://www.OIG.dol.gov/hotlinecontact.htm)  
Telephone: 1-800-347-3756  
FAX: (202) 693-5210

Or:  
Office of Inspector General  
Complaints Analysis Office  
200 Constitution Avenue, N.W., Room S-5506  
Washington, D.C. 20210

Allegations considered to be of an emergency nature may be reported by telephone to the Compliance Resolution Unit Supervisor at (916) 653-3720 and by calling the OIG/DOL Hot Line at 1-800-347-3756 and **followed immediately thereafter by a written incident report.**

#### **REQUIRED ACTION**

Please bring this Directive to the attention of all staff and subcontractors funded by WIOA. Attached herein is a form (Attachment 1) for staff to acknowledge receipt of the directive for use at your Center. Keep a copy of the signed and dated form in your employee files.

**EWDD CONTACT/TECHNICAL ASSISTANCE**

Questions about or assistance with the Incident Reporting Directive are to be directed to Christopher Rajapakse, Community Program Director by email at [chris.rajapakse@lacity.org](mailto:chris.rajapakse@lacity.org) or by phone (213) 744-7175.

GR:CR

Enclosures: Staff Acknowledgement to Report Fraud Form (Attachment 1)  
CA EDD Directive No. WSD12-18

**ATTACHMENT I – Incident Reporting**

**ACKNOWLEDGEMENT OF RESPONSIBILITY TO REPORT ALL SUSPECTED OR PROVEN WIA/WIOA RELATED FRAUD, ABUSE, OR OTHER CRIMINAL ACTIVITY, OR NON-CRIMINAL ACTIVITY.**

I, \_\_\_\_\_, understand that as an  
Name (Print)

Employee who is being paid with Workforce Innovation Opportunity Act (WIOA) funding, I have the responsibility to report all suspected or proven WIOA related fraud, abuse, or other criminal activity, or non-criminal activity including gross waste of funds, mismanagement, and dangers to the public health or safety immediately, or within one working day of detection of the incident, to the Office of the Inspector General of the U.S. Department of Labor, Compliance Review Office of the State Employment Development Department, Workforce Development System, EWDD and declare that I have received a copy of the Economic Development Department, WDS Directive No. 19-16 (dated January 17, 2019) regarding Incident Reporting.

Signature: \_\_\_\_\_ Date Signed \_\_\_\_\_

WorkSource/YouthSource Center: \_\_\_\_\_

TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: INCIDENT REPORTING

**EXECUTIVE SUMMARY:**

**Purpose:**

This directive provides procedures for reporting criminal activity and noncriminal complaints to the Compliance Review Office (CRO) of the Employment Development Department (EDD) and the Department of Labor's (DOL) Office of Inspector General (OIG).

**Scope:**

This directive applies to Local Workforce Investment Areas (local area) and other subrecipients of programs funded under the Workforce Investment Act (WIA).

**Effective Date:**

This directive is effective on the date of its issuance.

**REFERENCES:**

- Title 20 Code of Federal Regulations (CFR) Sections 667.505 and 667.630
- DOL Training Employment and Guidance Letter 2-12, Employment and Training Administration (ETA) Grant Recipient Responsibilities for Reporting Instances of Suspected Fraud, Program Abuse and Criminal Conduct (July 12, 2012)

**STATE-IMPOSED REQUIREMENTS:**

This document contains some State-imposed requirements. These requirements are indicated by ***bold italic*** type.

**FILING INSTRUCTIONS:**

This directive supersedes WIA Directive WIAD02-3 dated September 10, 2002, and finalizes Workforce Services Draft Directive WSDD-84, issued for comment on April 30, 2013. The Workforce Services Division received two comments during the draft comment period. The comments received resulted in two substantive changes to the directive which are viewed as highlighted text. The highlighted text will remain on the Internet for 30 days from the issuance date. A summary of comments is provided as Attachment 3. Retain this directive until further notice.

## **BACKGROUND:**

Per Title 20 CFR Section 667.630, information and complaints involving criminal fraud, waste, abuse or other criminal activity must be reported immediately through DOL's Incident Reporting System to the OIG with a copy simultaneously provided to the ETA. Complaints of a noncriminal nature, such as mismanagement and gross waste of funds, may also be reported through DOL's Incident Reporting System.

When an individual has knowledge or suspicion of a violation of the WIA or its regulations, the individual must take prompt and appropriate action.

## **POLICY AND PROCEDURES:**

### **Definitions:**

*Complaint*, for this directive only, means criminal complaint and noncriminal complaints accepted by the DOL as incidents, such as gross waste of funds, mismanagement and dangers to the public health and safety.

*Subrecipient*, for this directive, means local areas and other recipients that receive WIA funds directly from the State.

*Subrecipient Contractor* means a recipient that does not receive WIA funds directly from the State.

### **General:**

***All subrecipients that receive WIA funds shall promptly report to the CRO and OIG, all allegations of WIA-related fraud, abuse, and other criminal activity.***

***Each subrecipient shall establish appropriate internal procedures to prevent and detect fraud, abuse, and criminal activity. These procedures must include a reporting process to ensure that the CRO and OIG are notified immediately of any allegations of WIA-related fraud, abuse, or criminal activity. Internal procedures must be in writing and include the designation of a person on the subrecipients' staff who will be responsible for such notifications.***

***Subrecipient contractors will establish, document, and implement procedures to immediately notify the funding entity of any suspected or proven fraud, abuse, or other criminal activity involving WIA-funded activities. Funding entities must provide written notification to subrecipient contractors regarding their responsibilities to be alert for instances of fraud, abuse, and criminal activity committed by staff, contractors, or program participants and to report all such instances to the funding entity, the CRO and OIG immediately. Proof of this notification must be maintained in the funding entity's files. Subrecipients detecting the presence or appearance of fraud, abuse, or other criminal activity must obtain sufficient information to provide a clear, concise report of each incident. Reports must include a statement of all facts, known at the time, as well as any known or estimated loss of WIA funds resulting from the incident. It is important that an initial report is made to the CRO and OIG within one working day of the detection of the incident. The submission of an incident report should not be delayed, even if all facts are not readily available. Any facts subsequently***

***developed by the subrecipient are to be forwarded in a supplemental incident report.***

The reporting procedures do not supersede the responsibility for subrecipients to safeguard WIA funds by taking prompt and appropriate corrective action when any evidence of a violation of WIA or its implementing regulations is found. Attachment 1 includes a glossary of terms related to reportable issues.

**Reporting:**

***Within one workday of detection or discovery of information alleging fraud, abuse, or other criminal activity involving WIA funds, the detecting entity shall prepare a written incident report. The report must be submitted on the attached incident report form or similar document containing the requested information. Submit the report to both the CRO and OIG as follows:***

**CRO**      Mail:    Attention: Compliance Resolution Unit  
                                         Compliance Review Office, MIC 22  
                                         Employment Development Department  
                                         P.O. Box 826880  
                                         Sacramento, CA 94280-0001

**OIG**      *(choose one of the following methods)*  
Website:    [www.oig.dol.gov/hotlinecontact.htm](http://www.oig.dol.gov/hotlinecontact.htm)  
Telephone:  1-800-347-3756  
FAX:            (202) 693-7020  
Mail:            Office of Inspector General  
                                         Complaints Analysis Office  
                                         200 Constitution Avenue, N.W., Room S-5506  
                                         Washington, D.C. 20210

Allegations considered to be of an emergency nature may be reported by telephone to the Compliance Resolution Unit Supervisor at (916) 653-0298 and by calling the OIG Hotline at 1-800-347-3756 and ***followed immediately thereafter by a written incident report.***

The Workforce Services Division will forward any incident report it receives to the CRO. The CRO will record any incident report it receives in the WIA Incident Report System and forward the incident report to DOL/ETA, Region 6, within one working day of receipt. However, the CRO may have to contact the reporting entity for clarification or additional details prior to forwarding it to Region 6. Concurrently with its transmittal of the incident report to Region 6, the CRO will, when applicable, notify the reporting entity to take appropriate action to recover misspent funds, or to contain its financial liability.

Upon receipt, Region 6 will forward the incident report to the DOL Regional OIG, San Francisco. Subsequently, Region 6 will advise the EDD of the action to be taken by the DOL Regional OIG. If the OIG decides to investigate the incident, the CRO will wait for the OIG's results before commencing the state-level formal resolution. If the OIG decides not to investigate the incident, the CRO will request, when appropriate, a special monitoring review or an investigation by the appropriate state entities.

Otherwise, the CRO will require the subrecipient to submit its fact finding and local resolution.

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 CRO when the incident report is submitted.***

Allegations of fraud, abuse, or other criminal activity in WIA-funded programs may originate from sources other than subrecipients. Such sources may include informants, independent auditors, or local law enforcement agencies. Whenever the EDD receives an allegation from such source, the CRO will prepare an incident report (DOL Form DL 1-156) and submit it to Region 6, in accordance with this directive. In such a case, the CRO will, when appropriate, inform the subject subrecipient of the incident reported and advise the latter of the need to take certain action.

During an investigation, based on a report of fraud or abuse, the DOL OIG investigators or auditors may contact a subrecipient regarding an incident of which the subrecipient was not previously aware. Upon learning of the incident from federal sources, the subrecipient should contact the CRO to determine whether the latter is aware of the incident. If the subrecipient is not aware of the allegations but the CRO is, then the CRO will, when appropriate, inform the subrecipient of the specific allegations contained in the incident report.

Action will not 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 or her position will be compromised by reporting information via an incident report, he or she may send the report directly to the OIG.

**ACTION:**

Please bring this directive to the attention of all relevant parties.

**INQUIRIES:**

If you have questions concerning this directive, contact your assigned Regional Advisor.

/S/ JOSÉ LUIS MÁRQUEZ, Chief  
Workforce Services Division

Attachments are available on the Internet:

1. Glossary of Terms (PDF)
2. Incident Report Form (DOC)
3. Summary of Comments (PDF)