



Employ Milwaukee Administrative Memo			
Issue Date	8-20-18	#	18-2
Routing	CEO	EVP	CFO
	CPO	CDO	ALL STAFF

TO: Employ Milwaukee Staff, Sub-recipients, and Contractors

FROM: Elizabeth Jankowski; Contracts & Fiscal Compliance Manager/ Equal Opportunity Officer

RE: Employ Milwaukee Fraud and Incident Reporting Requirements Statement

PURPOSE: To provide guidance and establish requirements for reporting alleged, suspected, known fraud, program abuse, and criminal misconduct to Employ Milwaukee, Inc., the Wisconsin Department of Workforce Development (WI DWD), and to the U.S. Department of Labor (US DOL), Office of the Inspector General (OIG).

BACKGROUND: The U.S. Department of Labor (DOL), through 20 CFR Section 683.620 and TEGL 2-12, outlines expectations and requirements for reporting information and complaints involving criminal fraud, waste, program abuse, and other criminal misconduct that may be reported immediately through the US DOL Incident Report System to OIG and simultaneously to the WI DWD (if required).

ANALYSIS: Employ Milwaukee, Inc., is responsible for informing all board members, staff, and program operators (i.e. subrecipients and contractors) of this requirements statement and ensuring adherence to and accountability for its content.

Internal Controls or procedures must be in place to prevent and detect fraud, abuse, gross mismanagement or misuse of program funds, and criminal activity. The procedures set forth in this policy must be followed for documentation, immediate reporting, and following up on instances of alleged, suspected, or known fraud, program abuse, and criminal misconduct involving recipients and sub-recipients of federal funds under WIOA and other Federal Programs.

POLICY:

- A. Administrative and program internal controls are in place to prevent the possibility of fraudulent activity with the organization and its sub-recipients. However, if there is known or suspected activity of fraud or other misconduct related to the organization, this information should be immediately reported to the Chief Executive Officer, Chief Financial Officer, and the Chief Operating Officer. If the Chief Executive Officer is the subject of fraud or misconduct allegations, then the complaint should be forwarded to the Equal Opportunity Officer and an Officer unrelated to the alleged activity.
- B. Appropriate actions, including personnel action if necessary, will be taken immediately to stop the fraudulent activity, safeguard remaining assets and records, and prevent future instances from occurring.
- C. Allegations and reports involving possible fraud, program abuse, employee/participant misconduct, misfeasance, nonfeasance, malfeasance, gross mismanagement, and/or misapplication of funds will immediately be documented for follow up.

In addition, situations involving imminent health or safety concerns, or the imminent loss of funds exceeding an amount larger than \$50,000.00, are considered emergencies. These emergencies must immediately be reported to the US DOL OIG by telephone and followed up with a written report in the form of an Incident Report Form OIG 1-156, no later than one working day after the telephone report.

D. No action will be taken against any complainant for disclosing information concerning criminal or improper activities or making a valid report to proper authorities. Complainants may remain anonymous.

CONTACT: Patti Porth, Chief Financial Officer, patti.porth@employmilwaukee.org

ATTACHMENT(S): Attachment A –TEGL 2-12 Definitions

ATTACHMENT A

US DOL ETA Training and Employment Guidance Letter (TEGL) Number 02-12, Attachment A

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 TEGL. 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.

