

	New Jersey Workforce Innovations Notice		WD-PY19-4
	Issued By:	Workforce Development Office of Career Services	
	Approved By:	Hugh Bailey, Assistant Commissioner Workforce Development	
	Issued Date:	October 16, 2019	



1. **SUBJECT:** Procedures for Reporting Fraud, Program Abuse or Criminal Misconduct

2. **PURPOSE:** To transmit procedures to be used by Workforce Innovation and Opportunity Act (WIOA) 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 the Employment and Training Administration (ETA).

3. **EFFECTIVE DATE:** This NJWIN is effective **immediately**.

4. **BACKGROUND:** Training and Employment Guidance Letter (TEGL) 2-12 provides procedures for ETA grant recipients for reporting allegations of fraud, program abuse or criminal conduct involving grantees or other entities/sub-recipients receiving Federal funds directly or indirectly from ETA. TEGL 2-12 requires that the Incident Report Form (IR), Office of Inspector General (OIG) 1-156 be used for reporting allegations of criminal and other illegal or improper activities in ETA funded programs.

All sub-recipients who receive WIOA funding must follow the requirements of TEGL 2-12 when addressing incidents involving misuse of federal training funds. These procedures are applied for incidents such as 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 actions.

5. **KEY DEFINITIONS:**

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, un-auditable 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.

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.

6. PROCEDURE:

6.1 **Reporting Incidents:** Grant recipients must document allegations, suspicions, and complaints involving possible fraud, program abuse, and criminal misconduct using the IR Form. Allegations are reported to the OIG, and within ETA, the Office of Financial and Administrative Management (OFAM). See References and Links below for OIG Contact Information.

Situations involving imminent health or safety concerns, or loss of funds exceeding \$50,000 are considered emergencies and must be immediately reported to the OIG and OFAM by telephone and must be followed up with a written report in the form of an IR, no later than one working day after the telephone report.

6.2 **ETA funded Programs Include:**

- WIOA Title I (Adult, Dislocated Worker, Youth)
- WIOA Title III (Employment Service)
- Job Corps
- National Farmworker Jobs Program
- Senior Community Service Employment Programs (Workforce 55+)

- Trade Act
 - Jobs for Veterans Service Grants
 - Unemployment Insurance
7. **REQUIRED ACTION:** Each Local Workforce Development Board (WDB) must develop a policy for reporting incidents that comply with the requirements established in TEGl 2-12. This policy must be shared with all One-Stop staff and partner organizations. Each local WDB must forward this NJWIN, and documentation to demonstrate that it was shared with all relevant staff to the New Jersey Department of Labor and Workforce Development, Office of Career Services Division Director.
8. **REFERENCES / LINKS:**
- TEGl 2-12: <https://wdr.doleta.gov/directives/attach/TEGL/TEGL 2 12.pdf>
 - IR Form (OIG 1-156):
<https://wdr.doleta.gov/directives/attach/TEGL/TEGL 2 12 att c.pdf>
 - OIG Contact Information:
<https://wdr.doleta.gov/directives/attach/TEGL/TEGL 2 12 att d.pdf>