

# Oklahoma Employment Security Commission



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**Representing the Public**  
Rev. W. B. Parker, Chairman

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Mike Wester, Commissioner  
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## OKLAHOMA EMPLOYMENT AND TRAINING ISSUANCE #12-2009

**TO:** Grant Recipients  
WIA Board Staff

**FROM:** Richard J. Gilbertson, Director  
Workforce Integrated Programs Division

**DATE:** June 2, 2009

**SUBJECT:** Incident Reporting Procedures

**PURPOSE:** To transmit procedures for reporting known or suspected incidents of fraud, program abuse, or criminal conduct.

**BACKGROUND:** Conscientious reporting of incidents is a fiduciary responsibility of any recipient receiving Title I funds. Federal statute and regulation require the filing of an Incident Report (Attachment A) whenever any alleged or unauthorized use of Workforce Investment Act funds or Recovery Act funds occur. For the system to work, Local Workforce Investment Areas (LWIAs) must be aware of the reporting procedures and be able to identify the kinds of events that should generate incident reports. This policy outlines the procedures necessary in informing staff and the public of the procedures for reporting allegations.

In order to carry out responsibilities at 20 CFR §667.630 – the Oklahoma Employment Security Commission (OESC) is issuing to Local Workforce Investment Boards (LWIBs) procedures for reporting known or suspected incidents of fraud, malfeasance, misapplication of funds, gross mismanagement, or other criminal activities in ETA funded programs. The reports submitted by the LWIBs 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 through the State. The procedures described in the following section are intended to supplement, but not supplant, other systems of oversight carried out by LWIBs.

**POLICY:** 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 immediately reported. It is not the intent of the Incident Report to elicit reports only after determination that an act or allegation is legally prosecutable. All such incidents shall be reported immediately even though the case may be subsequently handled by the OESC, Local Workforce Investment Areas (LWIAs), or local enforcement agencies.

**MESSAGE:** Allegations regarding fraud, program abuse or criminal misconduct in WIA and Recovery Act programs shall immediately be reported to the OESC, the Department of Labor's Employment and Training Administration Region IV Office, and the DOL Office of Inspector General (OIG). The process below outlines how reporting should occur.

### **Notification**

- A. Provide LWIA staff, sub-recipients and contractors the information in this policy.
- B. Prominently post the Department of Labor's Office of Inspector General (DOL/OIG) Hotline number for reporting suspected incidents. It is anticipated that the incident reporting procedures outlined herein will be utilized to report matters to OESC and Region IV. However, all LWIBs are requested to notify their staff, sub-recipients, contractors, and the public of the availability of the OIG/DOL Hotline for providing information confidentially. A copy of the poster which provides information about the Hotline is attached for display in One-Stop Offices. This poster may be downloaded from OIG's website at [www.oig.dol.gov](http://www.oig.dol.gov).

The Hotline 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 personal concerns.

### **Reporting**

- A. The LWIB shall establish appropriate reporting procedures to ensure immediate notification (within one workday of detection or discovery) within the LWIA and to the OESC, DOL/ETA, and DOL/OIG regarding incidents.
  - 1. At a minimum, these procedures will include instructions to report the incident through mechanisms described below.
  - 2. In addition, the LWIB will identify a central point person to submit and track any reports taken.
  - 3. DOL Form DL 1-156, Incident Report, should be used to notify OESC and the Regional Administrator of all known or suspected cases of fraud, abuse, or other criminal activities in ETA-funded programs. The original and one copy of this form should be forwarded to Region IV and OESC within one work day of the discovery

of the occurrence. Region IV and OESC in turn, will immediately distribute the Incident Report in accordance with established DOL procedures.

B. Any entity (staff, sub-recipients, contractors, and the public) wishing to report an incident should be provided with the process below:

1. Complete the Incident Report (Attachment A) and submit two copies along with supportive documentation to:

Anna Johnson, Director  
OESC Department of Internal Audit  
P. O. Box 52003  
Oklahoma City, OK 73152-2003

2. Submit one copy of the completed Incident Report to the DOL/ETA Region IV Office at the address below:

Joseph Juarez, Regional Administrator  
U.S. Department of Labor/ETA  
525 Griffin Street Room 317  
Dallas, TX 75202

3. Report the incident to the DOL Office of Inspector General in one of the following ways:

- a. Submit one copy of the Incident Report (Attachment A) to the following address:

Office of Inspector General  
United States Department of Labor  
200 Constitution Ave., N.W. Room S-5514  
Washington, D.C. 20210

- b. Complete the online DOL Office of Inspector General hotline form at the following link: [www.oig.dol.gov/hotlineform.htm](http://www.oig.dol.gov/hotlineform.htm).

- c. Call the DOL Office of Inspector General's Hotline Number at 1-800-347-3756.

**REQUIRED ACTION:** LWIBs are required to establish procedures for use by their personnel (e.g., LWIBs, Fiscal Agents, service providers, contractors, etc.) to ensure that the LWIBs fulfill their responsibilities to forward Incident Reports to Region IV and OESC within one work day of the discovery of the occurrence.

LWIBs must ensure that staff, Fiscal Agents, service providers, contractors, etc. are familiar with the procedures that are established, the content of the attachments to this document, and the availability of the OIG/DOL Hotline to provide information confidentially.

Please contact Jackie Younge at [jackie.younge@oesc.state.ok.us](mailto:jackie.younge@oesc.state.ok.us) or 405/557-5314 if you have any questions.

## **ATTACHMENTS**

Attachment A – DOL Form DL 1-156, Incident Report

Attachment B – Use and Preparation of DL 1-156

Attachment C – Definition of Terms

Attachment D – OIG/DOL Hotline Poster

Attachment E – Example of OESC Internal Fraud Policy (For information purposes only)

JY/jy

**U.S. Department of Labor Incident Report  
[DL 1-156]  
Office of Inspector General**

For Official Use Only (When Filled In)

1. Date of Report	2. Agency designation Code (Yrs.) (Agency) (Report No.)	3. File Number (For IG use)
4. Type of Report: <input type="checkbox"/> Initial <input type="checkbox"/> Supplemental <input type="checkbox"/> Final <input type="checkbox"/> Other (Specify) _____ _____		
5. Type of Incident: <input type="checkbox"/> Conduct Violation <input type="checkbox"/> Criminal Violation <input type="checkbox"/> Program Violation		
6. Allegation against: <input type="checkbox"/> Board Staff <input type="checkbox"/> Service Provider <input type="checkbox"/> Program Participant <input type="checkbox"/> Fiscal Agent <input type="checkbox"/> One-Stop Operator <input type="checkbox"/> 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: <input type="checkbox"/> Public <input type="checkbox"/> Service Provider <input type="checkbox"/> Grantee <input type="checkbox"/> Program Participant <input type="checkbox"/> Audit Name of Investigative Law Enforcement Agency _____ Other (Specify) _____ Give telephone number so additional information can be obtained:		
10. Contacts with law enforcement agencies (Specify name contacted and results)		
11. Expected concern to DOL: <input type="checkbox"/> Local <input type="checkbox"/> Regional <input type="checkbox"/> National <input type="checkbox"/> Media Interest <input type="checkbox"/> Executive Interest <input type="checkbox"/> GAO/Congressional Intent <input type="checkbox"/> Other (Specify) _____		
12. DOL Agency Involved: <input type="checkbox"/> SECY <input type="checkbox"/> ESA <input type="checkbox"/> ETA <input type="checkbox"/> ILAB <input type="checkbox"/> LMSA <input type="checkbox"/> MSHA <input type="checkbox"/> OASAM <input type="checkbox"/> OIG <input type="checkbox"/> OSHA <input type="checkbox"/> SOL <input type="checkbox"/> ASP <input type="checkbox"/> BLS <input type="checkbox"/> NCEP <input type="checkbox"/> WB <input type="checkbox"/> OIPA <input type="checkbox"/> Other (Specify) _____ Amount of Grant/Contract (if known) \$ _____ Amount of Subgrant/Subcontract (if known) \$ _____		
13. Persons who can provide additional information (Include Custodian of Records)		
Name	Grade	Position/Job Title
		Employment <sup>1</sup>
<sup>1</sup> Enter one of these codes: U=Unemployed G=Grantee C=Contractor D=DOL F=Other Federal Employee P=Program Participant or Claimant		



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

### **A. Purpose**

Form DL 1-156 should be used for reporting to OESC and Region IV incidents of program abuse, fraud, or other criminal violations involving ETA-funded programs and operations.

### **B. Responsibilities of Governors**

Governors are responsible for reporting all actual or suspected violations to the Regional Administrator using the Incident Report, DL 1-156. While such information may be phoned directly to Region IV, these telephone reports should be supplemented by submission of the Incident Report within 72 hours.

### **C. Use of the 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 Regional Administrators that a violation or apparent violation has occurred. It should also be used to initially inform the Regional Administrator 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:

- It is determined that the matter cannot be resolved at the agency level and the case is administratively closed.
- 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.

- An incident is resolved or otherwise settled.
- 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 Region IV indicating the results.

### **D. Completion of the Incident Report - Form DL 1-156 should be completed as follows:**

Block 1. Enter the date the form is actually signed by the responsible agency official.

Block 2. Enter the fiscal year (e.g., October 1, 2009 – September 30, 2010) in which the report is being submitted, the two letter State abbreviation, and a number to indicate the chronological sequence of the report (e.g. 09-OK-001 would show that the report was submitted in Fiscal Year 2009, by Oklahoma, and was the first report submitted in FY 2009).

- Block 3. Leave Blank. For use by OIG only.
- Block 4. Indicate the type of report being submitted by checking the appropriate block. If the report is both an “Initial” and a “Final” report, then place a check in both the initial and final blocks.
- Block 5. Check appropriate block.
- Block 6. Check appropriate block.
- Block 7. Enter the name of the person, recipient, or subrecipient, if applicable, and the location where the incident occurred. A general geographic (city, town) location or mail address should be used.
- Block 8. Complete as necessary.
- Block 9. Check appropriate block(s). Public includes press.
- Block 10. Any information requested by any law enforcement agency should be reported here. Identify the officer and/or agency that made the request. In Block 14, describe what information was requested from and offered to the outside agency.
- Block 11. Indicate the type of interest/publicity that the incident may generate, or actually has generated, by placing a check in the appropriate block(s). If necessary, a brief statement of explanation may be included in Block 14.
- Block 12. Check appropriate block.
- Block 13. Complete as necessary.
- Block 14. Synopsis – This is a clear, concise statement of the incident which should include:
- When – Identify the time and date when the incident occurred; when it was discovered; when it was reported to supervisory personnel, OIG, or other law enforcement agency; and whether an inventory was conducted to determine the extent of loss.
  - What – Describe the complete incident in as much detail as is available and necessary to give a complete picture of what happened. Cost/value figures should be shown in the appropriate place in Block 12.
  - Who – Enter the names of those principal personnel who are listed in Block 7 and Block 13, as well as other personnel whose identities are necessary to complete the narrative and give the reader a complete picture of what happened. Include, when applicable, complete identities of persons/agencies to whom the incident is reported or referred. If needed for purpose of clarification, include the reason(s) why non-principal personnel were involved (e.g., fire department personnel who made pertinent determinations in a suspected arson incident).

- Where – Clearly specify the location where the incident occurred (e.g., a certain building, an area/room within a building, a particular contractor, grantee location). If the direction and distance from an identifiable point of reference (e.g., building, street, intersection, bridge) is known, this should be indicated.
- Why – Frequently the motive for an incident is not readily discernible (e.g., a suicide or property destruction) or it must be deduced from the existing facts and circumstances. If the “why” for an incident is known or suspected, it should be reported. When a suspected motive is reported, the basis/rationale for the suspicion should be noted.
- How – Report the manner/method by which an incident actually or probably was committed and discovered. “How” an incident was discovered and committed should be reported in sufficient detail to assist proper authorities in the development of preventive measure.

Block 15. Identify the name, title, address, and telephone number of the official completing the report.

Block 16. All copies should be signed by the responsible official for the reporting office.

Block 17. Self-explanatory.

Block 18. Self-explanatory.

Continuation. Entries requiring additional space may be continued at the end of the synopsis entry in Block 14 or on a separate sheet(s) of bond paper. Each continuation sheet should be headed “Continuation” and indicate the Activity Identification Code from Block 2.

#### E. Supporting Documentation

All documentation (e.g., photographs, drawings) pertinent/relevant to the incident or necessary to clarify the attendant facts should be forwarded with the DL 1-156, if not already provided.

#### F. Transmission of Reports

Mail copies of the DL 1-156 to Region IV as shown on the following page.

**Note:** The copies sent to Region IV should be in a sealed envelope within the mailing envelope. In no event should reports be electronically transmitted.

## Definition of Terms

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 or 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 not authorized or provided for under the Workforce Investment Act or the Recovery Act 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 from Federal funds, violation of contract/grant procedures, and the use of Federal funds for other than specified purpose.

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.

### C. Gross Mismanagement

Gross mismanagement should be considered as actions or situations arising out of management ineptitude or oversight, leading to major violations of WIA or Recovery Act 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, unauditable 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 outside work hours that reflect negatively on the Department of Labor, Oklahoma, or the WIA and Recovery Act programs. It may include, but is not limited to, conflict of interest or the appearance of conflict of interest involving outside employment, business, an 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.

**\*OIG will focus only on those incidents reported under Categories “A.” and “B”. ETA will use the information reported on the other types of incidents in order to identify trends and patterns occurring throughout the States for management information purposes.**

## **OESC Internal Fraud Policy**

### **Introduction:**

The Oklahoma Employment Security Commission (OESC) is committed to preventing fraudulent and wrongful acts. One of the fundamental ethical and moral values of our Agency is that we act as if the world will soon learn of our actions.

### **Responsibility:**

Although management is primarily responsible for establishing and maintaining proper internal controls that provide security and accountability for the resources entrusted to them, all employees are responsible for preventing fraudulent and wrongful acts.

The Internal Audit Department is responsible for:

Providing sufficient oversight of the fiscal management of and compliance with federal and state requirements for the programs administered by the Agency.

Investigating suspected fraudulent activities within the Agency.

### **Reporting Procedures:**

Any employee who has knowledge of an occurrence of fraudulent or wrongful acts, or has reason to suspect that one has occurred, shall immediately notify his/her Director and the Director of Internal Audit.

If the employee has reason to believe that his/her Director may be involved, the employee shall immediately notify the Director of Internal Audit.

Upon notification from an employee of suspected fraud or wrongful acts, or if the Director has reason to suspect that fraud or wrongful act has occurred, the Director shall immediately seek assistance from the Director of Internal Audit and the General Counsel. The Director shall not attempt to investigate the fraud.

If the Director of Internal Audit is suspected of fraud or wrongful acts, one or more of the following should be notified:

Commissioners, Executive Director, State Auditor and Inspector, State Attorney General, Office of Inspector General for the Department of Labor in Dallas (OIG), Oklahoma Accountancy Board, American Institute of Certified Public Accountants, and the Institute of Internal Auditors.

In any event of fraud or wrongful acts, any employee of the Agency is welcome to go directly to the Commissioners, State Auditor and Inspector, State Attorney General, or OIG if they do not feel comfortable with any of the channels above.

### **Investigation Procedures:**

Upon notification of a suspected fraud or wrongful act, the Internal Audit Department will perform a preliminary investigation to determine the merit of the allegation. If the preliminary

work indicates a possibility that fraud has occurred, the Director of Internal Audit will notify the Executive Director, Deputy Director, and the General Counsel before a detailed investigation is commenced.

The Internal Audit Department will commence a detailed investigation promptly. The investigation will be conducted expeditiously but always in a thorough manner and in accordance with the Professional Practice of Internal Audit.

At the conclusion of the investigation, Internal Audit will document the results in a confidential report to the Commissioners, Executive and Deputy Directors, General Counsel, Program Director, and the State Auditor and Inspector.

The working papers documenting the evidence obtained during the investigation will be made available to the General Counsel.

The General Counsel shall return all working papers to the Internal Audit Department after all issues are resolved.

All fraudulent or wrongful act will also be reported to the OIG.

#### Disciplinary Procedures:

Employees found to have participated in a fraudulent or wrongful act will be subject to disciplinary action, up to and including termination of employment and prosecution if appropriate.

Employees who knowingly make up stories to destroy other peoples reputation by accusing them of fraud or wrongful acts will also be subject to disciplinary action, up to and including termination of employment.

#### Employees Right:

The State Whistle Blower Law protects employees reporting fraudulent or wrongful acts and those who cooperated with the investigation will be protected from retaliatory actions.

Examples of Fraudulent or Wrongful Act - Fraudulent or wrongful acts include but are not limited to the following:

- Establishing claims with bogus wages.
- Taking and processing unemployment claims of friends or relatives.
- Conducting any type of audit of employers or claimants that are relatives or friends.
- Intentionally authorizing an improper claim.
- Initiating claims for fictitious claimants.
- Misappropriating outgoing or returned benefit checks.
- Pocketing repayment made by overpaid claimants.
- Extorting money or accepting favors from program participants.
- Receiving kickbacks.
- Diverting refund checks.
- Initiating bogus refunds.
- Misusing blank or voided checks.
- Overstating travel expense reimbursements.
- Forging checks or other source documents.

- Misuse of Agency owned property.
- Intentional authorization of ineligible participation in Agency programs.
- Deliberately inputting erroneous data.
- Abuse of position for personal gain.
- Obtaining conflicting secondary employment.
- Intentional preparation of inaccurate fiscal or program reports.
- Misuse of confidential information.
- Failure to report income from Federal grants.
- Destroying Agency records to conceal fraudulent or wrongful acts.
- Authorizing invoices for which you know goods or services will not or have not been received.
- Misuse of petty cash.

#### Internal Audit Code of Ethics

In all engagements, the Internal-Audit Department will meet the standard of conduct promulgated by the Institute of Internal Auditors. The Director of Internal Audit and staff will:

Exercise honesty, objectivity, and diligence in the performance of their duties and responsibilities.

Exhibit loyalty in all matters concerning the affairs of OESC but not knowingly be a party to any illegal or improper activity.

Not knowingly engage in acts or activities which are discreditable to the profession of Internal Audit or to OESC.

Refrain from entering into any activity which may be in conflict with the interest of OESC or which would prejudice their ability to carry out objectively their duties and responsibilities.

Not accept anything of value from an employee, client, customer, supplier, or business associate of OESC that would impair or be presumed to impair their professional judgment.

Be prudent in the use of information acquired during their duties. They will not use confidential information for any personal gain nor in any manner that would be contrary to law or detrimental to the welfare of OESC.

When reporting on results of audit work, will reveal all material facts known to them which, if not revealed, could either distort reports of operations under review or conceal unlawful practices.

Continually strive for improvement in their proficiency and in the effectiveness and quality of their service.

Be ever mindful of their obligation to maintain the high standards of competence, morality, and dignity promulgated by The Institute. Abide by the Bylaws and uphold the objectives of The Institute.

If you have a reason to believe that an incident of fraudulent or wrongful acts have occurred or are occurring, call the Fraud Hotline at (405) 557-5400 or use the space below.