Kansas Department of Commerce
Workforce Services
Policy and Procedures Manual

Policy Number: 5-11-00

Originating Office: Commerce Regulatory Compliance

Subject: Procedures for Reporting Suspected Program Fraud or Abuse

Issued: October 26, 2016

Revised: July 12, 2016

Program: Workforce Innovation and Opportunity Act (WIOA)

Purpose: To transmit state policy, procedures, and guidance for reporting alleged or suspected program fraud or abuse of Workforce Investment Act resources and to provide notification of compliance with the Kansas Whistleblower's Act.

References: 20 CFR 667.630 2 CFR part 200; 20 CFR 667.630 20 CFR 683.620 and Kansas Statute No. 75-2973

Background: Information and complaints involving criminal fraud, waste, abuse or other criminal activity related to the Kansas WIOA programs must be reported immediately. The scope of this policy encompasses actions by any staff or official of the Kansas Department of Commerce, Office of the Governor, local area, as well as staff, officials, and program participants of recipients, subrecipients, and contractors.

Action: These procedures are to be used for reporting criminal complaints and reports of fraud, waste, or program abuse related to the Kansas WIOA programs.

Contact: Questions should be directed to Director, Commerce Regulatory Compliance, (785) 296-2122, TTY: 711, crc@kansascomemerce.com

Attachment: A - Fraud and Abuse Incident Report
B - Kansas Whistle Blowers Act poster

Procedures for Reporting Suspected Program Fraud or Abuse

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Procedures for Reporting Suspected Program Fraud or Abuse

Overview

It is a goal of the Kansas Department of Commerce (Commerce) to fortify program systems and place a high priority on eliminating program fraud and abuse. Consistent with this goal, systematic procedures for reporting alleged instances of suspected or actual fraud, abuse, or criminal conduct in -Workforce Innovation and Opportunity Act (WIOA) programs are described in this policy. The scope of this policy encompasses actions by any staff or official of the Office of the Governor, Commerce, local area, as well as staff, officials, and program participants of recipients, subrecipients, and contractors.

Definitions

To aid in the detection of fraud, program abuse, or criminal conduct, the following definitions are provided. These definitions are neither fully inclusive nor restrictive of all activities that may be included under each activity:

Employee/Participant Misconduct - These actions include, but are 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 in the integrity of the government as well as serious violations of federal and state laws.

Fraud, Misfeasance, Nonfeasance or Malfeasance - Any alleged deliberate action, which appears to be in violation of applicable federal, state, or local 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 misrepresentation of information in official reports, including failure to report outstanding debt(s) on application for federal assistance.

Gross Mismanagement - Actions or situations arising out of management ineptitude or oversight, leading to major violations of the legislative requirements, regulations, or contract/grant provisions. Such actions or situations have the potential to severely hamper the accomplishment of program goals, waste government resources, and jeopardize future support for a particular project. This category includes, but is not limited to, unauditable records, unsupported costs, highly inaccurate fiscal reports or program reports, payroll discrepancies, payroll deductions not paid to the Internal Revenue Service (IRS), and lack of adequate internal control procedures.

Misapplication of Funds - Any alleged use of funds, assets, or property for purposes/activities 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, the use of federal funds for other than specified purposes, and failure to report compromise of federal debt for IRS purposes.

Fraud and Abuse Incident Report

The *Fraud and Abuse Incident Report* (see Attachment A) is the official document for reporting instances of fraud, misapplication of funds, gross mismanagement, and any other incidents of known or suspected criminal or other activities. The *Fraud and Abuse Incident Report* is also used to provide supplemental and final reports about such incidents. Any report received in a written format and signed shall be accepted and handled in the same manner as if it were filed on the *Fraud and Abuse Incident Report*. Individuals designated to accept incident reports will be responsible for contacting the reporting party and obtaining information required by the *Fraud and Abuse Incident Report* that is not included in the submitted report.

Incident reports are not intended to elicit reports after a determination is made that an act or allegation is legally prosecutable. Any act which raises questions of possible illegal expenditures or other unlawful activity should be reported immediately.

Prohibition of Reprisals, Whistleblower Protection, and Confidentiality

In accordance with federal regulations and the Kansas Whistleblower's Act, no action will be taken against any employee, grantee, or contractor for disclosing information of criminal or improper activities or making a complaint to the proper authorities. The reporting party's identity will not be disclosed except where there is consent or it is determined that disclosure will be unavoidable during the course of an investigation. *As per Kansas Statue No. 75-2973, each state office shall prominently post a copy of the Kansas Whistleblower's Act in locations where it can reasonably be expected to come to the attention of all employees (see Attachment B).*

Complaint Processing Procedures

Each local area shall abide by the following procedures for reporting known or suspected instances of fraud, program abuse, or criminal conduct relating to all programs funded by the U.S. Department of Labor.

Local Area Staff Designation

Each local area shall designate an individual (or individuals) to receive and assist in the preparation of the *Fraud and Abuse Incident Report*. Such designation shall also include an individual other than a supervisor or manager to whom an individual can file a *Fraud and Abuse Incident Report* where there is concern their position will be compromised by submitting information believed to indicate actual, potential, or suspected wrongdoing. This designation, and any subsequent change to this designation, should be reported to Director, Commerce Regulatory Compliance, (785) 296-2122, crc@kansascommerce.com

National Hotline

All local areas shall notify employees and comprehensive one-stop center partners of availability of the Office of Inspector General (OIG)/USDOL Hotline for providing information confidentially. The OIG/USDOL National Hotline number is 1-800-347-3756.

The National Hotline was established for employees and the public. It may be used to notify the OIG of suspected fraud, abuse, or waste in any programs funded by the USDOL. 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.

Kansas Whistle Blower's Act

As per Kansas Statue No. 75-2973, each location where WIOA services are offered shall prominently post a copy of the Kansas Whistleblower's Act (see Attachment B) in locations where it can reasonably be expected to come to the attention of all employees and the public to provide information about reporting suspected cases of criminal activity within WIOA. Posters may be obtained by contacting the following individual:

Kansas Department of Commerce
Director
Commerce Regulatory Compliance
1000 S.W. Jackson Street, Suite 100
Topeka, Kansas 66612-1354
(785) 296-2122
Fax: (785) 296-3512
E-mail: crc@kansascommerce.com

Submittal of Fraud and Abuse Incident Form

The *Fraud and Abuse Incident Form* (Attachment A) shall be forwarded within one business day of the occurrence.

Emergency or Serious Allegations

An emergency exists when immediate action is required to forestall impending loss or harm to an individual or organization related to WIOA, Commerce, or a local area. If it is determined an incident requires immediate attention, a telephone report should be made to the OIG to relate the necessary information, and the written report submitted as outlined in this policy. The OIG should not be contacted for resolving employee grievances, EEO complaints, labor disputes, or other personnel concerns.

U.S. Department of Labor
Office of Inspector General
Office of Labor Racketeering and
Fraud Investigations
2300 Main Street, Room 1040
Kansas City, MO 64108
Phone: (816) 285-7240
Fax: (816) 285-7239

Investigation Responsibilities

Investigations

The Kansas Department of Commerce Legal Counsel will assign staff and coordinate activities in response to an incident reported as directed by the OIG, regional administrator, governor, secretary, or deputy secretary of the Kansas Department of Commerce.

Quarterly Reports and Final Report

Where OIG has established a reporting number, CRC will submit quarterly status reports as required to the OIG, Commerce legal, and other appropriate parties.

ATTACHMENT A: Fraud and Abuse Incident Report Form

Kansas Department of Commerce

FRAUD AND ABUSE INCIDENT REPORT FORM

Complainant Name:				Date of Report:
Street Address (complainant):		City:	State:	Zip:
Home Phone:	Work Phone:	E-mail:		
Date of Incident:	Time of Incident:	AM / PM (circle one)		
Street Address (location of incident):		City:	State:	Zip:
Home Phone:	Work Phone:	E-mail:		
Victim's name or description of property damage:				
Street Address (victim or property):		City:	State:	Zip:
Home Phone:	Work Phone:	E-mail:		
Suspect or Assailant's Name:				
Street Address (suspect or assailant):		City:	State:	Zip:
Description of Incident: *(Provide a clear and brief statement of the facts. Include relevant dates that will assist in the investigation. If additional space is needed, use reverse side of this form or attach additional sheets.)*				
Extent of injury or estimated dollar value of property loss or damage:				
Witnesses Name #1:				
Street address:		City:	State:	Zip:
Home Phone:	Work Phone:	E-mail:		
Witnesses Name #2:				
Street address:		City:	State:	Zip:
Home Phone:	Work Phone:	E-mail:		
Witnesses Name #3:				
Street address:		City:	State:	Zip:
Home Phone:	Work Phone:	E-mail:		

The above information is true and correct to the best of my knowledge.

_____ _____

Signature of Complainant Date

DISTRIBUTION:

Kansas Department of Commerce, Commerce Regulatory Compliance, 1000 S.W. Jackson Street, Suite 100, Topeka, KS 66612-1254
Phone: (785) 296-2122, FAX (785) 296-6809

(Rev. 10-04)

ATTACHMENT B: Kansas Whistle Blowers Act Poster

Double-click on the below icon to open the Kansas Whistle Blowers Act poster (.pdf format).

whistleblower's act.pdf