
EMPLOYERS' TRAINING RESOURCE

1600 E. Belle Terrace
Bakersfield, CA 93307

POLICY BULLETIN: ETR #20i-25

TO: All ETR and ETR Providers of Service
FROM: ^{DJE} Brandon J. Evans, Chief Workforce Development Officer
DATE: January 20, 2026
SUBJECT: Incident Reporting – Fraud, Abuse, or Criminal Conduct

This Policy Bulletin Supersedes Any Previously Issued Policy Statements Concerning Incident Reporting - Fraud, Abuse, or Criminal Conduct with Changes Indicated in Bold, Italic Type.

PURPOSE

The procedures set forth in this document shall be used for reporting an issue alleging fraudulent violation of the Workforce Innovation and Opportunity Act (WIOA) regulations, grants, or other agreements under WIOA (including terms and condition of participants' employment), or other laws while in the performance of duties under WIOA funding. This procedure is authorized under WIOA and the governing regulations, 20 CFR Section 683.620. Federal and State requirements for incident reporting are included in Employment Development Department (EDD) Workforce Services Directive (WSD) **WSD24-03** (attached).

SCOPE OF POLICY

Incidents relating to criminal fraud, waste, abuse or other criminal activity must be reported ***immediately to the [OIG Hotline Portal \[www.oig.dol.gov/hotline.htm\]](http://www.oig.dol.gov/hotline.htm) and simultaneously reported to the Employment and Training Administration (ETA). The Inspector General Act of 1978, as amended, authorizes the Office of Inspector General (OIG) to conduct audits and investigations related to programs and operations of the DOL, including audits and investigations related to alleged fraud, waste, abuse, misconduct, or other wrongdoing concerning such programs and operations.***

Subrecipients of WIOA funds, which would include the Kern, Inyo and Mono (KIM) Counties Workforce Development Board (WDB), Employers' Training Resource (ETR), and the America's Job Center of California (AJCC) of Kern, Inyo and Mono Counties, are

subject to incident reporting under this policy. In addition, subrecipients which are service providers receiving non-WIOA funds from the KIM WDB are also subject to these policies.

DEFINITIONS

For the purposes of this policy bulletin, the following definitions apply:

Emergency – *A situation involving imminent health or safety concerns or the imminent loss of funds exceeding an amount larger than \$50,000.*

Employee/Participant Misconduct – *Actions occurring during or outside work hours that reflect negatively on the EDD 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 (29 CFR Part 0 and 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 or inaction 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 (fake) 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 statutory (such as WIOA or Wagner Peyser) processes, 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 program or 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 Referrals – *The OIG refers incidents and allegations concerning ETA programs to the ETA in instances where the OIG determines that the incident report does not have investigative or audit merit.*

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, conflicts 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. It should be noted that there are some exceptions related to nepotism for the Indian and Native American programs, as described in 20 CFR Section 684.630(d).

Subaward – *An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.*

Subrecipient – *A non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal award; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.*

INCIDENT REPORTING REQUIREMENTS

Incident reporting procedures do not supersede the responsibility to safeguard WIOA funds by taking prompt and appropriate corrective action. 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.

Reporting allegations of fraud, program abuse, or criminal conduct involving grantees or other entities and subrecipients must be submitted in two steps:

- 1. Complete the relevant fields on the OIG Hotline Portal.*
- 2. Send a copy of the incident report, including screenshots or photos of the three OIG Hotline Portal screens, to ETAIncidentReporting@dol.gov.*

Note – The OIG Hotline Portal should not be used for resolving employee grievances, Equal Employment Opportunity complaints, labor disputes, or other personnel concerns.

Reference Training and Employment Guidance Letter (TEGL) [TEGL 15-23](#) for detailed instructions on reporting to the OIG and ETA. A copy of the step-by-step instructions is attached herein and is Attachment II of the ETA TEGL 15-23.

If Internet access is not available, incidents can be reported to the OIG through the following hotlines:

- **Toll-free hotline** **1-800-347-3756**
- **Non-toll-free hotline** **1-202-693-6999**

While all incidents should be reported as soon as possible, situations involving imminent health or safety concerns, or the imminent loss of funds exceeding an amount larger than \$50,000 are considered emergencies and must be immediately reported to the OIG and ETA no later than one working day after the emergency discovery. 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 their position will be compromised by reporting information through an incident report, the complainant may submit the report directly to the OIG.

INCIDENT REFERRALS

When the OIG receives an incident report from any source, the OIG will determine whether the allegations have merit, and when appropriate, conduct or arrange for an investigation and/or audit.

In instances where the OIG determines that the incident report does not have investigative or audit merit, the incident report will be referred to the ETA for resolution. The ETA will either forward the incident report to the EDD Compliance Review Office (CRO) to research and report back, or the ETA will work with the CRO to analyze and report on the incident.

In instances where an incident report is remanded to the CRO, it will be prioritized and CRO will request a fact-finding and resolution report from the appropriate next level of oversight, depending on the nature of the allegations. The CRO may require the EDD's direct subrecipients to submit a fact-finding and local resolution report, or the fact-finding mission may be conducted by the CRO. The fact-finding may, in certain circumstances, rise to the level of a special monitoring review, an investigation, or an audit by the appropriate state entities or by independent third-party auditors, as determined by the CRO.

POLICY RELATING TO EMPLOYEES OF THE KIM WDB, ETR AND THE AJCC OF KERN, INYO AND MONO COUNTIES

The WDB Chief Workforce Development Officer will serve as the designated KIM WDB staff responsible for ensuring that all staff are aware of the incident reporting process. All KIM WDB, ETR and AJCC staff are responsible for reporting any information related to alleged fraud, abuse, or other criminal activity directly to the WDB Chief Workforce Development Officer or designee (ETR Assistant Director). The WDB Chief Workforce Development Officer/designee will follow the required Incident Reporting procedures to immediately inform OIG and ETA as directed above. The detecting staff must provide sufficient information for a clear, concise written report of the incident. The report must include the following information:

- ***Detecting Staff Contact Information***
- ***Alleged Violator(s) Information***
- ***Allegation Description***

Submit the report to: ***Chief Workforce Development Officer***
Employers' Training Resource
1600 E. Belle Terrace
Bakersfield, CA 93307

If WDB staff believe that reporting information through this process will compromise their position, they may submit the report directly to OIG and ETA as directed above while maintaining their anonymity.

In addition, for any WIOA incident reported that is tied to WIOA programs funded by La Cooperativa Campesina de California (LCCDC), ETR will notify LCCDC at:
Incident Report
Director
La Cooperativa Campesina de California
1107 9th Street, Suite 420
Sacramento, CA 95814

At such time, the Chief Workforce Development Officer (or designee) will immediately report the allegations to ***the OIG and ETA***.

LCCDC may also notify the Regional Administrator, Region 6, Employment and Training Administration, US Department of Labor, San Francisco, California.

POLICY RELATING TO EMPLOYEES OF SERVICE PROVIDERS UNDER WORKFORCE INNOVATION AND OPPORTUNITY ACT FUNDS

WIOA subrecipients must maintain on file a written procedure to inform staff of their responsibilities to report instances of fraud, abuse or criminal activity to the funding entity ***and either the WDB Chief Workforce Development Officer/Assistant Director or the OIG Portal/ETA Incident Reporting email immediately.***

Submit the report to: ***Chief Workforce Development Officer***
Employers' Training Resource
1600 E. Belle Terrace
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Attached: ***WSD24-03, "Incident Reporting"***
 Attachment II of TEGL 15-23